

Financial statements

The Department has pleasure in presenting its audited general purpose financial statements for the financial reporting period ended 30 June 2022 which provides users with the information about the Department's stewardship of resource entrusted to it. The financial information is presented in the following structure:

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Statement of Comprehensive Income

For the year ended 30 June 2022

	Notes	2021-22 \$'000	2020-21 Reclassified* \$'000
COST OF SERVICES			
Expenses			
Employee benefits expense	3.1.1	4,474,829	4,269,449
Supplies and services	3.3	983,222	984,148
Depreciation, amortisation and impairment expense	5.1.1, 5.2, 5.3.1, 5.4.1	268,526	231,621
Accommodation expenses	3.3	17,366	18,174
Grants and subsidies	3.2	34,261	50,668
Finance costs	7.4	34,929	32,207
Other expenses	3.3	9,343	6,178
Total cost of services		5,822,476	5,592,445
Income			
Revenue			
User contributions, charges and fees	4.2	119,261	112,888
Interest revenue	4.4	20,102	16,543
Other revenue	4.5	104,431	94,138
Australian Government grants and contributions	4.3	1,140,176	995,831
Total revenue		1,383,970	1,219,400
Gains			
Other gains	4.6	-	481,679
Total gains		-	481,679
Total income other than income from State Government		1,383,970	1,701,079
NET COST OF SERVICES		4,438,506	3,891,366
Income from State Government			
Service appropriation	4.1	4,375,333	4,305,387
Income from other public sector entities		16,204	35,448
Resources received free of charge		14,947	17,167
Royalties for Regions Fund		28,140	25,636
Total income from State Government		4,434,624	4,383,638
SURPLUS/(DEFICIT) FOR THE PERIOD		(3,882)	492,272
OTHER COMPREHENSIVE INCOME			
Items not reclassified subsequently to profit or loss			
Changes in asset revaluation surplus	9.12	1,432,961	316,038
Total other comprehensive income		1,432,961	316,038
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		1,429,079	808,310

See also the 'Schedule of Income and Expenses by Service'.

Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

* See also Note 9.4 for details regarding the reclassification of comparatives

Statement of Financial Position

As at 30 June 2022

	Notes	2021-22 \$'000	2020-21 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	7.5.1	513,463	607,803
Restricted cash and cash equivalents	7.5.2	39,196	26,102
Amounts receivable for services	6.2	26,623	18,943
Inventories	6.4	8,590	7,552
Receivables	6.1	94,567	80,430
Other current assets	6.3	23,518	13,091
Non-current assets classified as assets held for sale	9.11	26,019	25,686
Total Current Assets		731,976	779,607
Non-Current Assets			
Restricted cash and cash equivalents	7.5.2	91,131	79,569
Receivables	6.1	327,797	317,639
Amounts receivable for services	6.2	3,611,673	3,318,953
Property, plant and equipment	5.1	13,648,921	11,994,070
Service concession assets	5.4	31,539	29,218
Right-of-use assets	5.2	360,664	313,153
Intangible assets	5.3	1	1,346
Total Non-Current Assets		18,071,726	16,053,948
TOTAL ASSETS		18,803,702	16,833,555
LIABILITIES			
Current Liabilities			
Payables	6.5	183,123	139,742
Borrowings	7.1	39,436	37,896
Lease liabilities	7.2	39,826	26,128
Employee related provisions	3.1.2	686,432	653,916
Other provisions	6.6	8,220	19
Other current liabilities	6.7	38,702	18,227
Total Current Liabilities		995,739	875,928
Non-Current Liabilities			
Payables	6.5	2,071	1,562
Borrowings	7.1	349,132	342,801
Lease liabilities	7.2	342,291	322,707
Employee related provisions	3.1.2	246,810	246,444
Other provisions	6.6	3,680	3,391
Other non-current liabilities	6.7	-	-
Total Non-Current Liabilities		943,984	916,905
TOTAL LIABILITIES		1,939,723	1,792,833
NET ASSETS		16,863,979	15,040,722
EQUITY			
Contributed equity	9.12	15,277,971	14,883,793
Reserves	9.12	1,748,999	316,038
Accumulated surplus/(deficit)	9.12	(162,991)	(159,109)
TOTAL EQUITY		16,863,979	15,040,722

See also the 'Schedule of Assets and Liabilities by Service'.

The Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 30 June 2022

	Notes	Contributed equity \$'000	Reserves \$'000	Accumulated surplus/(deficit) \$'000	Total equity \$'000
Balance at 1 July 2020	9.12	14,557,656	-	(651,381)	13,906,275
Surplus/(deficit)		-	-	492,272	492,272
Other comprehensive income		-	316,038	-	316,038
Total comprehensive income for the period		-	316,038	492,272	808,310
<u>Transactions with owners in their capacity as owners:</u>					
Capital appropriations		319,821	-	-	319,821
Transfer of net assets from other agencies		-	-	-	-
Other contributions by owners		12,810	-	-	12,810
Distribution to owners		(6,494)	-	-	(6,494)
Total		326,137	-	-	326,137
Balance at 30 June 2021		14,883,793	316,038	(159,109)	15,040,722

	Notes	Contributed equity \$'000	Reserves \$'000	Accumulated surplus/(deficit) \$'000	Total equity \$'000
Balance at 1 July 2021	9.12	14,883,793	316,038	(159,109)	15,040,722
Surplus/(deficit)		-	-	(3,882)	(3,882)
Other comprehensive income		-	1,432,961	-	1,432,961
Total comprehensive income for the period		-	1,432,961	(3,882)	1,429,079
<u>Transactions with owners in their capacity as owners:</u>					
Capital appropriations		357,345	-	-	357,345
Transfer of net assets from other agencies		32,121	-	-	32,121
Other contributions by owners		5,106	-	-	5,106
Distribution to owners		(394)	-	-	(394)
Total		394,178	-	-	394,178
Balance at 30 June 2022		15,277,971	1,748,999	(162,991)	16,863,979

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the year ended 30 June 2022

	Notes	2021-22 \$'000	2020-21 Reclassified* \$'000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		4,064,907	4,087,086
Capital contribution		357,345	319,821
Holding account draw downs		10,026	19,638
Royalties for Regions Fund		33,246	38,445
Funds from other public sector entities		12,656	32,569
Net cash provided by State Government		4,478,180	4,497,559
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits expense		(4,398,217)	(4,186,895)
Supplies and services		(965,483)	(971,186)
Accommodation expenses		(18,339)	(17,543)
Grants and subsidies		(32,557)	(48,252)
Finance costs		(32,419)	(31,779)
GST payments on purchases		(145,635)	(139,922)
Loans advanced to non-government schools		(49,852)	(38,807)
Other payments		(294)	(970)
Receipts			
User contributions, charges and fees		108,981	111,965
Australian Government grants and contributions		1,153,525	1,007,412
Interest received		10,423	11,236
GST receipts on revenue		5,041	5,163
GST receipts from taxation authority		136,801	134,378
Repayments of loans by non-government schools		41,980	21,725
Other receipts		103,648	93,445
Net cash used in operating activities	7.5.3	(4,082,397)	(4,050,030)
CASH FLOW FROM INVESTING ACTIVITIES			
Payments			
Purchases of non-current physical assets		(430,850)	(366,758)
Receipts			
Receipts from sale of non-current physical assets		398	2,984
Net cash provided by/(used in) investing activities		(430,452)	(363,774)
CASH FLOW FROM FINANCING ACTIVITIES			
Payments			
Repayment of lease liabilities		(42,887)	(37,775)
Repayment of borrowings		(41,980)	(21,725)
Receipts			
Proceeds from borrowings		49,852	38,697
Net cash used in financing activities		(35,015)	(20,803)
Net increase/(decrease) in cash and cash equivalents		(69,684)	62,952
Cash and cash equivalents at the beginning of the period		713,474	650,522
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7.5.3	643,790	713,474

* See also Note 9.4 for details regarding the reclassification of comparatives

Administered Schedules

Administered income and expenses by service

	Regulation and Non-Government Sector Assistance ^(a)		COVID-19 Rapid Antigen Test Kits Distribution ^(b)		Total	
	2021-22 \$'000	2020-21 \$'000	2021-22 \$'000	2020-21 \$'000	2021-22 \$'000	2020-21 \$'000
Income						
Service appropriation	452,329	460,764	-	-	452,329	460,764
Resources received free of charge	-	-	57,683	-	57,683	-
Total administered income^(c)	452,329	460,764	57,683	-	510,012	460,764
Expenses						
Grants to charitable and public bodies, and communities	443,526	446,835	-	-	443,526	446,835
Resources distributed free of charge	-	-	57,683	-	57,683	-
Superannuation – higher education institutions	2,707	2,834	-	-	2,707	2,834
Schools of Special Educational Needs: Medical and Mental Health and Sensory	5,337	4,909	-	-	5,337	4,909
Total administered expenses^(c)	451,570	454,578	57,683	-	509,253	454,578

- (a) The Department is responsible for transfers of appropriations to eligible beneficiaries consistent with the requirements of the *School Education Act 1999* (WA), the *School Education Regulations 2000* (WA) and the applicable Government Gazettes. The Department does not control amounts for transfer but acts only as an agent.
- (b) The Department received Rapid Antigen Test (RAT) kits free of charge to distribute to critical workers and parents or carers of students of public and non-government schools as part of the State Government's response to COVID-19 (\$13.75 million from the Department of Health and \$43.93 million from the Department of Finance).
- (c) The classifications within administered income and expenses for 2020-21 (previously transfer revenue and transfer payments respectively) has been reclassified in line with budget papers and make it more relevant for the users.

Administered assets

	2021-22 \$'000	2020-21 \$'000
Assets		
Current		
Cash and cash equivalents	14,516	13,758
Total administered current assets	14,516	13,758
Net administered assets		
	14,516	13,758

Notes to the financial statements

For the year ended 30 June 2022

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1. Basis of preparation

The Department is a WA Government entity and is controlled by the State of Western Australia, which is the ultimate parent. The entity is a not-for-profit entity (as profit is not its principal objective).

A description of the nature of its operations and its principal activities have been included in the 'Overview' which does not form part of these financial statements.

These annual financial statements were authorised for issue by the Accountable Authority of the Department on 26 August 2022.

Statement of compliance

These general purpose financial statements have been prepared in accordance with:

1. *The Financial Management Act 2006* (WA) (FMA)
2. The Treasurer's Instructions (the Instructions or TI)
3. Australian Accounting Standards (AAS) including applicable interpretations
4. Where appropriate, those AAS paragraphs applicable for not-for-profit entities have been applied.

The FMA and the Treasurer's Instructions (the Instructions) take precedence over AAS. Several AAS are modified by the Instructions to vary application, disclosure format and wording. Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

Reporting entity

The reporting entity comprises the Department of Education including public schools and residential colleges across the State, central and regional offices.

The School Curriculum and Standards Authority continued as a statutory authority under the *School Curriculum and Standards Authority Act 1997* (WA) and from 1 July 2017 the staff became employees of the Department of Education. The Teacher Registration Board of Western Australia continued as a statutory entity.

Amalgamation of accounts

Financial information from 823 educational sites including 808 schools are amalgamated into the financial statements. The information provided by schools is generally drawn from accounts prepared on a cash basis with appropriate accrual information provided for the financial statements. All intra-entity transactions and balances between the Department and educational sites are eliminated.

Basis of preparation

These financial statements are presented in Australian dollars applying the accrual basis of accounting and using the historical cost convention. Certain balances will apply a different measurement basis (such as the fair value basis). Where this is the case the different measurement basis is disclosed in the associated note. All values are rounded to the nearest thousand dollars (\$'000).

Judgements and estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements and estimates made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements and/or estimates are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

1. Basis of preparation (continued)

Accounting for Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of goods and services tax (GST), except that the:

- a. amount of GST incurred by the Agency as a purchaser that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of an asset’s cost of acquisition or as part of an item of expense; and
- b. receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Contributed equity

AASB Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, to be designated by the Government (the owner) as contributions by owners (at the time of, or prior, to transfer) before such transfers can be recognised as equity contributions. Capital appropriations have been designated as contributions by owners by TI 955 Contributions by Owners Made to Wholly-Owned Public Sector Entities and have been credited directly to Contributed Equity.

The transfers of net assets to/from other agencies, other than as a result of a restructure of administrative arrangements, are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal.

Administered items

The Department administers, but does not control, certain activities and functions for and on behalf of Government that do not contribute to the Department’s services or objectives. It does not have discretion over how it utilises the transactions in pursuing its own objectives.

Transactions relating to the administered activities are not recognised as the Department’s income, expenses, assets and liabilities, but are disclosed in the accompanying schedules as ‘Administered income and expenses’, and ‘Administered assets and liabilities’.

The accrual basis of accounting and applicable AAS have been adopted.

2. Department outputs

This section includes information regarding the nature of funding the Department receives and how this funding is utilised to achieve the Department’s objectives. This note also provides the distinction between controlled funding and administered funding:

	Note
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2.1 Department objectives

Mission

The Department’s mission is to ensure school students across Western Australia have access to high quality education.

Services

The Department provides the following services:

Service 1: Public Primary Education

This service provides access to education in public schools for persons aged generally from 4 years and 6 months to 11 years and 6 months.

Service 2: Public Secondary Education

This service provides access to education in public schools for persons aged generally from 11 years and 6 months. It includes the provision of accommodation, care and services for students from rural and remote areas who have to board away from home to attend a public school.

Service 3: Regulation and Non-Government Sector Assistance

This service provides regulatory and assistance services, as required by legislation or government policy, to support provision of quality services by non-government schools, universities and teachers across Western Australian schools. It also includes the provision of accommodation, care and services for students from rural and remote areas who have to board away from home to attend a non-government school.

Service 4: Support to the School Curriculum and Standards Authority

This service provides resources to the School Curriculum and Standards Authority to assist it to perform its statutory functions under the *School Curriculum and Standards Authority Act 1997* (WA).

2.2 Schedule of Income and Expenses by Service

	Primary Education		Secondary Education		Regulation and Non-Government Sector Assistance		Support to the School Curriculum and Standards Authority		Total	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
	\$'000	Reclassified* \$'000	\$'000	Reclassified* \$'000	\$'000	Reclassified* \$'000	\$'000	Reclassified* \$'000	\$'000	Reclassified* \$'000
COST OF SERVICES										
Expenses										
Employee benefits expense	2,652,684	2,531,953	1,768,635	1,685,453	22,741	23,157	30,769	28,886	4,474,829	4,269,449
Supplies and services	539,707	549,818	417,372	412,289	19,436	16,094	6,707	5,947	983,222	984,148
Depreciation and amortisation expense	152,056	129,956	115,837	100,914	594	715	39	36	268,526	231,621
Accommodation expenses	9,211	9,854	5,320	5,781	450	321	2,385	2,218	17,366	18,174
Grants and subsidies	6,761	7,050	10,398	19,922	16,813	23,413	289	283	34,261	50,668
Finance costs	13,285	12,588	9,253	8,717	12,389	10,900	2	2	34,929	32,207
Other expenses	1,822	3,224	7,653	2,426	(133)	528	1	-	9,343	6,178
Total cost of services	3,375,526	3,244,443	2,334,468	2,235,502	72,290	75,128	40,192	37,372	5,822,476	5,592,445
Income										
Revenue										
User contributions, charges and fees	32,840	34,104	77,582	71,301	8,834	7,478	5	5	119,261	112,888
Interest revenue	193	414	295	623	19,614	15,506	-	-	20,102	16,543
Other revenue	61,028	56,447	39,579	35,117	538	1,007	3,286	1,567	104,431	94,138
Australian Government grants and contributions	718,801	619,341	410,219	359,225	11,156	17,265	-	-	1,140,176	995,831
Total revenue	812,862	710,306	527,675	466,266	40,142	41,256	3,291	1,572	1,383,970	1,219,400
Gains										
Other gains	-	247,476	-	233,097	-	1,106	-	-	-	481,679
Total gains	-	247,476	-	233,097	-	1,106	-	-	-	481,679
Total income other than income from State Government	812,862	957,782	527,675	699,363	40,142	42,362	3,291	1,572	1,383,970	1,701,079
NET COST OF SERVICES	2,562,664	2,286,661	1,806,793	1,536,139	32,148	32,766	36,901	35,800	4,438,506	3,891,366
Income from State Government										
Service appropriation	2,522,594	2,538,412	1,781,618	1,703,129	34,302	28,575	36,819	35,271	4,375,333	4,305,387
Income from other public sector entities	5,079	8,692	9,916	24,179	1,206	2,573	3	4	16,204	35,448
Services received free of charge	9,126	10,478	5,751	6,633	70	56	-	-	14,947	17,167
Royalties for Regions Fund	13,726	14,372	12,391	9,902	2,023	1,362	-	-	28,140	25,636
Total income from State Government	2,550,525	2,571,954	1,809,676	1,743,843	37,601	32,566	36,822	35,275	4,434,624	4,383,638
SURPLUS/(DEFICIT) FOR THE PERIOD	(12,139)	285,293	2,883	207,704	5,453	(200)	(79)	(525)	(3,882)	492,272

The Schedule of Income and Expenses by Service should be read in conjunction with the accompanying notes.

* See also Notes 9.4 and 9.10 for details regarding the reclassification of comparatives

2.3 Schedule of Assets and Liabilities by Service

	Primary Education		Secondary Education		Regulation and Non-Government Sector Assistance		Support to the School Curriculum and Standards Authority		Total	
	2021-22 \$'000	2020-21 \$'000	2021-22 \$'000	2020-21 \$'000	2021-22 \$'000	2020-21 \$'000	2021-22 \$'000	2020-21 \$'000	2021-22 \$'000	2020-21 \$'000
ASSETS										
Current assets	362,366	394,692	312,140	336,240	56,965	48,132	505	543	731,976	779,607
Non-current assets	10,076,012	9,077,661	7,631,326	6,633,421	363,903	342,428	485	438	18,071,726	16,053,948
Total assets	10,438,378	9,472,353	7,943,466	6,969,661	420,868	390,560	990	981	18,803,702	16,833,555
LIABILITIES										
Current liabilities	584,153	512,112	358,236	319,062	50,427	42,949	2,923	1,805	995,739	875,928
Non-current liabilities	242,688	354,311	350,306	218,056	349,935	343,542	1,055	996	943,984	916,905
Total liabilities	826,841	866,423	708,542	537,118	400,362	386,491	3,978	2,801	1,939,723	1,792,833
NET ASSETS	9,611,537	8,605,930	7,234,924	6,432,543	20,506	4,069	(2,988)	(1,820)	16,863,979	15,040,722

The Schedule of Assets and Liabilities by Service should be read in conjunction with the accompanying notes.

3. Use of our funding

Expenses incurred in the delivery of services

This section provides additional information about how the Department’s funding is applied and the accounting policies that are relevant for an understanding of the items recognised in the financial statements. The primary expenses incurred by the Department in achieving its objectives and the relevant notes are:

	Note
Employee benefits expense	3.1.1
Employee related provisions	3.1.2
Grants and subsidies	3.2
Other expenditure	3.3
Net loss on disposal of non-current assets	3.4

3.1.1 Employee benefits expense

	2021-22 \$’000	2020-21 Reclassified* \$’000
Salaries and allowances	3,998,036	3,831,837
Termination benefits	956	462
Superannuation – defined contribution plans ^(a)	413,427	380,692
Other employee-related expense ^(b)	62,410	56,458
Total employee benefits expense	4,474,829	4,269,449
Add: AASB 16 Non-monetary benefits (not included in employee benefits expense)	26,406	20,311
Less: Employee contributions (per the statement of comprehensive income)	(18,485)	(17,257)
Net employee benefits	4,482,750	4,272,503

(a) Defined contribution plans include GESB Super and GESB West State (\$331.42 million), GESB Gold State (\$26.75 million) and other superannuation funds (contributions paid) and includes the superannuation contribution component relating to leave movement.
(b) Includes furniture (staff relocation costs) and fringe benefits tax.

Employment on-cost expenses, such as workers’ compensation insurance are included in Note 3.3 ‘Other Expenditure.’

Employee benefits

Includes wages, salaries and social contributions, accrued and paid leave entitlements and paid sick leave, and non-monetary benefits recognised under accounting standards other than AASB 16 (such as medical care, housing, cars and free or subsidised goods or services) for employees.

Termination benefits

Payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when the Department is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Superannuation

The amount recognised in profit or loss of the Statement of Comprehensive Income comprises employer contributions paid to the Gold State Super (GSS) with concurrent contributions, the West State Super (WSS), the Government Employees Superannuation Board (GESB), or other superannuation funds. The employer contribution paid to the GESB in respect of the GSS is paid back into the Consolidated Account by the GESB.

GSS (concurrent contributions) is a defined benefit scheme for the purposes of employees and whole-of-government reporting. It is however a defined contribution plan for Department purposes because the concurrent contributions (defined contributions) made by the Department to GESB extinguishes the Department’s obligations to the related superannuation liability.

The Department does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. The Liabilities for the unfunded Pension Scheme and the unfunded GSS transfer benefits attributable to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS obligations are funded by concurrent contributions made by the Department to the GESB.

The GESB and other fund providers administer public sector superannuation arrangements in Western Australia in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for public sector employees vary according to commencement and implementation dates.

AASB 16 Non-monetary benefits

Non-monetary employee benefits predominantly relating to the provision of vehicle and housing benefits that are recognised under AASB 16 which are excluded from the employee benefits expense.

Employee Contributions

Contributions made to the Department by employees towards employee benefits that have been provided by the Department. This includes both AASB 16 and non-AASB 16 employee contributions.

3.1.2 Employee related provisions

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

	2021-22 \$'000	2020-21 \$'000
<u>Current</u>		
<i>Employee related provisions</i>		
Annual leave liabilities	38,680	36,063
Entitlement to payment during student vacation	282,159	251,039
Long service liabilities	326,909	326,757
Deferred salary scheme liabilities	31,732	32,941
Remote teaching service	6,952	7,116
	686,432	653,916
<u>Non-current</u>		
<i>Employee related provisions</i>		
Long service leave	245,289	244,885
Remote teaching service	1,521	1,559
	246,810	246,444
Total employee related provisions	933,242	900,360

Annual leave liabilities

	2021-22 \$'000	2020-21 \$'000
Within 12 months of the end of the reporting period	28,544	27,101
More than 12 months after the end of the reporting period	10,136	8,962
	38,680	36,063

Annual leave that is not expected to be settled wholly within 12 months after the end of the reporting period is considered to be 'other long-term employee benefits'. The annual leave liability is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to be applied at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The provision for annual leave is classified as a current liability as the Department does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Entitlement to payment during student vacation

	2021-22 \$'000	2020-21 \$'000
Within 12 months of the end of the reporting period	282,159	251,039
	282,159	251,039

Entitlement to payment during student vacation is paid during the student vacation period for most school-based staff employed under the Teachers Award, Teachers' Aides' Award and the Education Department Ministerial Officers' Salaries, Allowances and Conditions Award 1983 No. 5 of 1983, subject to meeting relevant conditions of the Award (including teachers, education assistants and some administration and school support staff).

The entitlement to payment during student vacation is used during the school vacations, leaving no balance at the end of the summer holidays (i.e. zero balance when school resumes at the start of each calendar year).

As at financial year end, the Department recognises a liability for the entitlement to payment during student vacation accrued during the current calendar school year (accrued daily) and not yet taken as at 30 June.

Long service liabilities

	2021-22 \$'000	2020-21 \$'000
Within 12 months of the end of the reporting period	137,914	131,478
More than 12 months after the end of the reporting period	434,284	440,164
	572,198	571,642

A liability for long service leave is recognised across all employees, including casual employees, using a short-hand approach which allows for the likelihood of payment, salary increases and a discount rate based on remuneration rates and bond yields current as at the end of the reporting period. The short-hand approach was not materially different from the liability determined using the present value of expected future payments. This calculation is consistent with the Department's experience of employee retention and leave utilisation.

All long service leave provisions which are unconditional or expected to become unconditional within 12 months of the reporting date, plus all conditional long service leave provisions which are vested (i.e. the employee has met the age (55) or other criteria which allows early access) or will become vested within 12 months of the reporting date are classified as current liabilities. The remaining long service leave provisions are classified as non-current liabilities because the Department has an unconditional right to defer the settlement of the liability until the employee has completed the requisite criteria (e.g. age or years of service).

Deferred salary scheme liabilities

	2021-22 \$'000	2020-21 \$'000
Within 12 months of the end of the reporting period	7,028	4,941
More than 12 months after the end of the reporting period	24,704	28,000
	31,732	32,941

The provision for deferred leave relates to Public Sector employees who have entered into an agreement to self-fund up to an additional 12 months leave in the fifth year of the agreement. The provision recognises the value of salary set aside for employees to be used in the fifth year. This liability is measured on the same basis as annual leave. Deferred leave is reported as a current provision as employees can leave the scheme at their discretion at any time.

3.1.2 Employee related provisions (continued)

Remote teaching service		
	2021-22 \$'000	2020-21 \$'000
Within 12 months of the end of the reporting period	3,659	3,643
More than 12 months after the end of the reporting period	4,814	5,032
	8,473	8,675

The provision for Remote Teaching Service leave relates to teaching staff who are working in remote and isolated communities within Western Australia. Employees who stay in the same remote location continuously for 3 years are entitled to an additional 10 weeks paid leave and those who remain in the same remote location continuously for 4 years are entitled to an additional 22 weeks paid leave. The provision recognises the value of salary set aside for employees. This liability is measured on the same basis as long service leave.

Employment on-costs

The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance.

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenditures', Note 3.3, and are not included as part of the Department's 'employee benefits expense'.

Key sources of estimation uncertainty – long service leave

Key estimates and assumptions concerning the future are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Several estimates and assumptions are used in calculating the Department's long service leave provision. These include:

- Expected future salary rates
- Discount rates
- Employee retention rates
- Breaks in employee service
- Expected future payments.

Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

Any gain or loss following revaluation of the present value of long service leave liabilities is recognised as employee benefits expense.

3.2 Grants and subsidies

	2021-22 \$'000	2020-21 \$'000
Recurrent		
Parents from public schools	2,184	2,475
Non-government schools and other organisations	32,077	48,193
Total grants and subsidies	34,261	50,668

Transactions in which the Department provides goods, services, assets (or extinguishes a liability) or labour to another party without receiving approximately equal value in return are categorised as 'Grant or subsidy expenses'. These payments or transfers are recognised at fair value at the time of the transaction and are recognised as an expense in the reporting period in which they are paid. They include transactions such as: grants, subsidies, personal benefit payments made in cash to individuals, other transfer payments made to public sector agencies, local government, non-government schools, and community groups.

3.3 Other expenditure

	2021-22 \$'000	2020-21 Reclassified* \$'000
Supplies and services		
Communication services	23,699	25,267
Consumables - utilities	77,449	76,980
Consumables - other	4,266	4,319
Equipment purchases (\$4,999 and below)	5,455	7,457
Insurance	75,062	59,753
Minor works ^(a)	85,301	135,729
PPP - School maintenance costs	10,104	10,055
Repairs and maintenance	129,152	132,153
Service and contracts - property	17,341	16,549
Service and contracts ^(b)	183,031	167,311
Staff-related expense	4,271	4,462
Travel	10,267	8,843
Schools expenses	350,081	329,341
Other	7,743	5,929
Total supplies and services expenses	983,222	984,148
Accommodation expenses		
Office rental	13,701	15,989
Other accommodation expenses	3,665	2,185
Total accommodation expenses	17,366	18,174

* See also Note 9.4 for details regarding the reclassification of comparatives
(a) Minor works are small, low-risk works that improve the function, safety and appearance of a building or infrastructure.
(b) Included within service and contracts are short-term and low value leases of up to \$5,000 when new. This excludes leases with another wholly-owned public sector entity lessor agency. Refer to Note 5.2 for aggregate short-term and low value leases expense.

3.3 Other expenditure (continued)

Supplies and services

Supplies and services are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any materials held for distribution are expensed when the materials are distributed.

Repairs and maintenance

Repairs, maintenance and cleaning costs are recognised as expenses as incurred, except where they relate to the replacement of a significant component of an asset. In that case, the costs are capitalised and depreciated.

Employee on-cost

Employee on-cost includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liabilities is included at Note 3.1.2 'Employee related provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

Other

Other operating expenses generally represent the day-to-day running costs incurred in normal operations.

Office rental

Office rental is expensed as incurred as Memorandum of Understanding Agreements between the Agency and the Department of Finance for the leasing of office accommodation contain significant substitution rights.

	2021-22 \$'000	2020-21 \$'000
Other expenses		
Loss on disposal of non-current assets ^(a)	1,571	3,499
Refund of prior period revenue	87	969
Expected credit losses expense ^(b)	7,685	1,710
Total other expenses	9,343	6,178
Total other expenditure	992,565	990,326

(a) Refer to Note 3.4 Net loss on disposal of non-current assets for detailed breakdown.

(b) Refer to Note 6.1.1 Movement in the allowance for impairment of trade receivables for detailed breakdown.

Expected credit losses expense

Expected credit losses is recognised for movement in allowance for impairment of trade receivables. Please refer to Note 6.1.1. 'Movement in the allowance for impairment of trade receivables' for details.

3.4 Net loss on disposal of non-current assets

	Notes	2021-22 \$'000	2020-21 \$'000
<u>Carrying amount of disposal of non-current assets</u>			
Land	5.1	254	4,526
Plant and equipment	5.1	1,304	2,588
Motor vehicles	5.1	103	2
Buses	5.1	-	70
Computers	5.1	185	138
Communication equipment	5.1	42	66
Office equipment	5.1	72	144
Miscellaneous assets	5.1	12	25
		1,972	7,559
<u>Proceeds from disposal of non-current assets</u>			
Land		-	3,936
Plant and equipment		60	22
Motor vehicles		172	75
Buses		62	4
Computers		60	9
Communication equipment		16	4
Office equipment		25	8
Miscellaneous assets		6	2
		401	4,060
Net loss on disposal of non-current assets		1,571	3,499

Gains and losses on the disposal of non-current assets

Gains and losses on the disposal of non-current assets are presented by deducting from the proceeds on disposal the carrying amount of the asset and related selling expenses. Gains and losses are recognised in profit or loss in the statement of comprehensive income.

4. Our funding sources

How we obtain our funding

This section provides additional information about how the Department obtains its funding and the relevant accounting policy notes that govern the recognition and measurement of this funding. The primary income received by the Department and the relevant notes are:

	Note
Income from State Government	4.1
User contributions, charges and fees	4.2
Australian Government grants and contributions	4.3
Interest revenue	4.4
Other revenue	4.5
Other gains	4.6

4.1 Income from State Government

	2021-22 \$'000	2020-21 Reclassified* \$'000
<u>Appropriation received during the period:</u>		
Service appropriation	4,375,333	4,305,387
Total service appropriation received	4,375,333	4,305,387
<u>Income received from other public sector entities during the period:</u>		
Department of Communities	1,886	2,143
Department of Health	-	400
Department of Fire and Emergency Services	145	132
Department of Jobs, Tourism, Science and Innovation	80	502
Department of Local Government, Sport and Cultural Industries	276	37
Department of Primary Industries and Regional Development	593	4
Department of Training and Workforce Development	4,886	5,120
Department of Treasury	358	13,886
Department of Water and Environmental Regulation	87	100
Insurance Commission of Western Australia	2,480	6,785
Lotterywest	15	-
Mental Health Commission	1,962	3,675
Western Australia Police Force	1,708	1,671
Other	1,728	993
Total income from other public sector entities	16,204	35,448

* See also Note 9.4 for details regarding the reclassification of comparatives

	2021-22 \$'000	2020-21 \$'000
<u>Resources received from other public sector entities during the period</u>		
<u>Resources received free of charge</u>		
Department of Communities - family centre operating costs	10	3
State Solicitor's Office	495	-
Department of Justice	312	1,169
Department of Finance - government accommodation	304	206
Department of Health - curriculum support materials and funded teacher training	474	474
Landgate - valuation services and land information data	86	193
Department of Primary Industries and Regional Development - digital downloads	-	4
WA Child and Adolescent Health Service - school health services	13,266	15,118
Total resources received	14,947	17,167
<u>Royalties for Regions Fund:</u>		
Regional Community Services Fund	23,099	21,136
Regional Reform Fund	5,041	4,500
Total Royalties for Regions Fund	28,140	25,636
Total income from State Government	4,434,624	4,383,638

Service Appropriations are recognised as income at the fair value of consideration received in the period in which the Department gains control of the appropriated funds. The Department gains control of appropriated funds at the time those funds are deposited in the bank account or credited to the 'Amounts receivable for services' (holding account) held at Treasury.

Income from other public sector entities is recognised as income when the Department has satisfied its performance obligations under the funding agreement. If there is no performance obligation, income will be recognised when the Department receives the funds.

Resources received from other public sector entities is recognised as income equivalent to the fair value of assets received or the fair value of services received that can be reliably determined and which would have been purchased if not donated.

The Regional Community Services Accounts and Regional Reform Fund are sub-funds within the over-arching 'Royalties for Regions Fund'. The recurrent funds are committed to projects and programs in WA regional areas and are recognised as income when the Department receives the funds. The Department has assessed Royalties for Regions agreements and concluded that they are not within the scope of AASB 15 as they do not meet the 'sufficiently specific performance obligation' criterion.

4.1 Income from State Government (continued)

Summary of consolidated account appropriations For the year ended 30 June 2022

	2021-22 Budget Estimate \$'000	2021-22 Supplementary Funding \$'000	2021-22 Revised Budget \$'000	2021-22 Actual \$'000	2021-22 Variance \$'000
DELIVERY OF SERVICES					
Item 58 Net amount appropriated to deliver services	4,266,699	106,827	4,373,526	4,373,526	-
Amount authorised by other statutes					
<i>Salaries and Allowances Act 1975 (WA)</i>	1,807	-	1,807	1,807	-
Total appropriations provided to deliver services	4,268,506	106,827	4,375,333	4,375,333	-
CAPITAL					
Item 127 Capital appropriations	351,752	5,593	357,345	357,345	-
ADMINISTERED TRANSACTIONS					
Item 59 Amount provided for Administered Grants, Subsidies and Other Transfer Payments	447,626	4,703	452,329	452,329	-
GRAND TOTAL	5,067,884	117,123	5,185,007	5,185,007	-

4.2 User contributions, charges and fees

	2021-22 \$'000	2020-21 Reclassified* \$'000
<u>Schools</u>		
Contributions, charges and fees	97,179	93,582
	97,179	93,582
<u>Central Office</u>		
Agricultural schools fees	3,899	4,105
Other charges and fees	18,183	15,201
	22,082	19,306
Total user contributions, charges and fees	119,261	112,888

* See also Note 9.4 for details regarding the reclassification of comparatives

Revenue is recognised at the transaction price when the Department transfers control of the services to customers. Revenue is recognised for the major activities as follows:

Contributions, charges and fees (schools and central office)

Revenue is recognised when the Department transfers control of services to a customer for the amount to which the Department expects to be entitled in line with AASB 15 requirements.

Net appropriation determination

The Treasurer may make a determination providing for prescribed receipts to be retained for services under the control of the Department. In accordance with the determination specified in the 2021-22 Budget Statements, the Department retained \$1,560.40 million in 2021-22 (\$1,409.24 million in 2020-21) from the following:

- User contributions, charges and fees (excluding user contributions, and fees and charges in respect of schools);
- Australian government specific purpose grants and contributions; and
- Other departmental revenue.

4.3 Australian Government grants and contributions

	2021-22 \$'000	2020-21 \$'000
<u>Central office</u>		
Australian Government grants - recurrent	1,128,879	991,114
Australian Government grants - capital	10,033	3,945
	1,138,912	995,059
<u>Schools</u>		
Australian Government grants - recurrent	1,247	762
Australian Government grants - capital	17	10
	1,264	772
Total Australian Government grants and contributions	1,140,176	995,831

Recurrent Australian Government grants are recognised as income when the grants are receivable.

Income from grants to acquire/construct a recognisable non-financial asset to be controlled by the Agency is recognised when the Agency satisfies its obligations under the transfer. The Agency satisfies the obligations under the transfer to construct assets over time as the non-financial assets are being constructed. The Agency typically satisfies the obligations under the transfer when it achieves milestones specified in the grant agreement and amounts received in advance of obligation satisfaction are reported at Note 6.7.

4.4 Interest revenue

	2021-22 \$'000	2020-21 \$'000
Interest revenue	521	1,074
Loan interest revenue	19,581	15,469
Total interest revenue	20,102	16,543

Loan interest revenue amount reflects the interest charged and receivable from low interest loans to non-government schools and the University of Notre Dame Australia (UNDA). In 2021-22 loans to the value of \$49.85 million (\$38.81 million in 2020-21) were advanced to non-government schools and the UNDA. Interest has been calculated using the effective interest rate method in compliance with AASB 9. Participating institutions pay financial costs applicable to their loans, with the balance of the interest rate charged (see Note 7.4 Finance Costs) being met by a government appropriation.

4.5 Other revenue

	2021-22 \$'000	2020-21 Reclassified* \$'000
Schools		
Bookshops and canteens	4,848	5,125
Donations to schools	20,922	18,941
Hire of facilities	1,987	1,862
Lease income	10,387	8,018
Other revenue	13,990	14,921
Total other revenue - Schools	52,134	48,867
Capital contributions and recoveries		
Developer contributions	6,913	5,789
	6,913	5,789
Other		
Recoveries and refunds	8,099	5,803
Sale of goods and services	15,635	14,497
Employee rental contributions**	18,485	17,257
Other miscellaneous revenue	3,165	1,925
	45,384	39,482
Total other revenue - Central office	52,297	45,271
Total other revenue	104,431	94,138

* See also Note 9.4 for details regarding the reclassification of comparatives
** The Department leases a number of right-of-use assets from the Government Regional Officer Housing (GROH), which it subleases out to employees at a subsidised rate. Information on the Department's leasing arrangements with GROH can be found in Note 3.11.

Other revenue

Other revenue is recognised in the accounting period in which the relevant performance obligations has been satisfied.

4.6 Other gains

	2021-22 \$'000	2020-21 \$'000
Asset revaluation increase	-	481,679
Total other gains	-	481,679
Reconciliation of building valuation remediation increase:		
Building valuation remediation	-	797,256
Recognised through equity (note 9.12)	-	(315,577)
Net previously expensed	-	481,679

Other gains

Other gains mainly comprise project and professional fees previously excluded from buildings' revaluation and expensed through the statement of comprehensive income. During the year the Department reviewed its valuation methodology on buildings to include all relevant costs associated with replacing specialised assets in line with AASB 13 and Treasurer's Instruction 954.

5. Key assets

Assets the Department utilises for economic benefit or service potential

This section includes information regarding the key assets the Department utilises to gain economic benefits or provide service potential. The section sets out both the key accounting policies and financial information about the performance of these assets:

	Note
Property, plant and equipment	5.1
Right-of-use assets	5.2
Intangible assets	5.3
Service concession assets	5.4

5.1 Property, plant and equipment

	Land \$'000	Land improvements \$'000	Buildings \$'000	Plant and equipment \$'000	Motor vehicles \$'000		Buses \$'000	Computers \$'000	Communication equipment \$'000	Office equipment \$'000	Miscellaneous assets \$'000	Capital works in progress \$'000	Total \$'000
1 Jul 2020													
Gross carrying amount	3,694,138	-	7,369,826	79,308	6,841		21,712	27,247	6,386	21,970	10,502	184,931	11,422,861
Accumulated depreciation	-	-	(204,414)	(67,254)	(5,914)		(15,955)	(23,042)	(5,985)	(14,437)	(6,631)	-	(343,632)
Accumulated impairment loss	-	-	(18,282)	-	-		-	-	-	-	-	-	(18,282)
Carrying amount at start of period	3,694,138	-	7,147,130	12,054	927		5,757	4,205	401	7,533	3,871	184,931	11,060,947
Adjustment for change in classification – Land improvements & transportables/demountables ^(a)	-	1,507,373	(1,806,313)	298,940	-		-	-	-	-	-	-	-
Reclassified carrying amount	3,694,138	1,507,373	5,340,817	310,994	927		5,757	4,205	401	7,533	3,871	184,931	11,060,947
Additions	-	-	39,558	3,095	378		643	1,431	347	3,912	660	308,477	358,501
Disposals	(4,526)	-	-	(2,588)	(2)		(70)	(138)	(66)	(144)	(25)	-	(7,559)
Transferred to land & buildings held for distribution to owner ^(b)	(25,636)	-	-	-	-		-	-	-	-	-	-	(25,636)
Transferred from land & buildings held for distribution to owner	3,450	-	-	-	-		-	-	-	-	-	-	3,450
Transferred to/from works in progress	19,879	682	303,976	22,989	-		-	-	-	-	-	(347,526)	-
Revaluation increments/(decrements) ^(c)	461	193,274	601,700	-	-		-	-	-	-	-	-	795,435
Impairment losses ^(d)	(3,233)	-	-	-	-		-	-	-	-	-	-	(3,233)
Depreciation	-	(33,399)	(106,351)	(40,292)	(437)		(896)	(2,272)	(568)	(2,984)	(562)	-	(187,761)
Transfers/Adjustments	(1)	-	22	(367)	(319)		335	74	20	128	30	4	(74)
Carrying amount at 30 Jun 2021	3,684,532	1,667,930	6,179,722	293,831	547		5,769	3,300	134	8,445	3,974	145,886	11,994,070
Gross carrying amount	3,684,532	1,747,341	6,429,313	419,713	6,647		23,389	25,542	6,035	22,814	10,924	145,886	12,522,136
Accumulated depreciation	-	(79,411)	(249,591)	(125,882)	(6,100)		(17,620)	(22,242)	(5,901)	(14,369)	(6,950)	-	(528,066)
Accumulated impairment loss	-	-	-	-	-		-	-	-	-	-	-	-

(a) Given their nature and use from 1 July 2020, transportables and demountables were reclassified to plant and equipment, and land improvements were reclassified from buildings to its own asset class.

(b) The Department of Planning, Lands and Heritage (DPLH) is the only department with the power to sell Crown land. The land is transferred to DPLH for sale and the Department accounts for the transfer as a distribution to owner.

(c) The indices for land, buildings, and school land improvements moved within threshold since the last revaluation as at 1 July 2018 and accordingly no out of cycle comprehensive revaluation was triggered. However, in 2020–21, the Department reviewed its valuation methodology which was amended to include buildings and land improvements and professional fees. Refer to Note 4.6 for more details.

(d) Refer to Note 5.1.1 for impairment loss details.

Information on fair value measurements is provided in Note 8.3

5.1 Property, plant and equipment (continued)

	Land \$'000	Land improvements \$'000	Buildings \$'000	Plant and equipment \$'000	Motor vehicles \$'000		Buses \$'000	Computers \$'000	Communication equipment \$'000	Office equipment \$'000	Miscellaneous assets \$'000	Capital works in progress \$'000	Total \$'000
1 Jul 2021													
Gross carrying amount	3,684,532	1,747,341	6,429,313	419,713	6,647		23,389	25,542	6,035	22,814	10,924	145,886	12,522,136
Accumulated depreciation	-	(79,411)	(249,591)	(125,882)	(6,100)		(17,620)	(22,242)	(5,901)	(14,369)	(6,950)	-	(528,066)
Carrying amount at start of period	3,684,532	1,667,930	6,179,722	293,831	547		5,769	3,300	134	8,445	3,974	145,886	11,994,070
Additions	34,009	-	36,376	3,244	531		2,836	1,445	363	2,868	193	383,147	465,012
Disposals	(254)	-	-	(1,304)	(103)		-	(185)	(42)	(72)	(12)	-	(1,972)
Transferred to land & buildings held for distribution to owner ^(a)	(571)	-	-	-	-		-	-	-	-	-	-	(571)
Transferred from land & buildings held for distribution to owner	-	-	-	-	-		-	-	-	-	-	-	-
Transferred to/from works in progress	6,226	2,680	188,623	16,915	-		-	-	-	-	-	(214,444)	-
Revaluation increments/ (decrements)	329,615	500,798	599,667	-	-		-	-	-	-	-	-	1,430,080
Depreciation	-	(38,860)	(133,396)	(44,286)	(340)		(986)	(1,560)	(462)	(3,028)	(470)	-	(223,388)
Transfers/Adjustments ^(b)	2	(13,992)	(136)	(8)	(157)		-	(70)	47	20	(14)	(2)	(14,310)
Carrying amount at 30 Jun 2022	4,053,559	2,118,556	6,870,856	268,392	478		7,619	2,930	40	8,233	3,671	314,587	13,648,921
Gross carrying amount	4,053,559	2,127,963	6,921,163	436,437	6,503		25,356	24,439	6,014	23,183	10,964	314,587	13,950,168
Accumulated depreciation	-	(9,407)	(50,307)	(168,045)	(6,025)		(17,737)	(21,509)	(5,974)	(14,950)	(7,293)	-	(301,247)
Accumulated impairment loss	-	-	-	-	-		-	-	-	-	-	-	-

(a) The Department of Planning, Lands and Heritage (DPLH) is the only department with the power to sell Crown land.

The land is transferred to DPLH for sale and the Department accounts for the transfer as a distribution to owner.

(b) Transfers include \$13.99 million of land improvements transferred to right-of-use assets, refer note 5.2.

Information on fair value measurements is provided in Note 8.3

Initial recognition

Items of property, plant and equipment, costing \$5,000 or more with a useful life of 2 or more years are measured initially at cost. Where an asset is acquired for no or nominal cost, the cost is valued at its fair value at the date of acquisition. Items of property, plant and equipment and land improvements costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income.

Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management to be included in the cost of an item. Examples include project and professional fees, installation and assembly costs, costs of site preparation and costs of employee benefits arising directly from the construction or acquisition of the item of PPE.

Assets transferred as part of a machinery of government change are transferred at their fair value.

The cost of a leasehold improvement is capitalised and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the leasehold improvement.

Subsequent measurement

Subsequent to initial recognition as an asset, the revaluation model is used for the measurement of land, buildings and school land improvements and historical cost for all other property, plant and equipment. Buildings and school land improvements are carried at fair value less accumulated depreciation and accumulated impairment loss. Land is carried at fair value. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Where market-based evidence is available, the fair value of land and buildings is determined on the basis of current market values determined by reference to recent market transactions. When buildings are revalued by reference to recent market transactions, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

In the absence of market-based evidence, fair value of land and buildings, including building school land improvements, is determined on the basis of existing use. This normally applies where buildings are specialised or where land use is restricted. Fair value for existing use buildings is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the depreciated replacement cost. Where the fair value of buildings is determined on the depreciated replacement cost basis, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount. Fair value for restricted use land is determined by comparison with market evidence for land with similar approximate utility (high restricted use land) or market value of comparable unrestricted land (low restricted use land).

5.1 Property, plant and equipment (continued)

School land improvements consists of roads, foot paths and paved areas, boundary walls, fences and gates, soft landscaping, and external services. Information from the quantity surveyor engaged by the Department, previous analysis of school land improvements, and a cross reference to industry cost guide publication is considered to estimate the building replacement cost for school land improvements.

Land and Buildings are measured at fair value on a cyclical basis, consistent with TI 954 Revaluation of Non-Current Physical Assets, issued by the Department of Treasury. The last revaluation for land, buildings and school land improvements was effective for the year ended 30 June 2022. The revaluation of land and buildings was conducted by the Western Australian Land Information Authority (Landgate). The revaluation of land improvements was conducted by an independent quantity surveyor.

The Department revalues land, buildings and school land improvements every 3 years. Indices are reviewed annually and when they indicate a cumulative change of greater than or equal to 15% since last comprehensive revaluation an out of cycle revaluation will be triggered. No comprehensive revaluation is undertaken when cumulative movement in indices is less than 15% since last revaluation.

The Department uses indices from a reputable and publicly available source, the Australian Bureau of Statistics for the measurement of indices relevant to the Department's assets. Independent valuers are generally used to conduct these scheduled revaluations.

The Department includes Project and Professional Fees in the fair value.

The most significant assumptions and judgements in estimating fair value are made in assessing whether to apply the existing use basis to assets and in determining estimated economic life. Professional judgement by the valuer is required where the evidence does not provide a clear distinction between market type assets and existing use assets.

Key sources of estimation uncertainty – Valuation of land improvements

The Department recognises school land improvements comprising roads, footpaths and paved areas; boundary walls, fencing and gates; landscaping and improvements, and external services from an independent quantity surveyor as determined by the Department's valuer. Currently the value of roads, footpaths and paved areas, and landscaping and improvements are measured by applying the appropriate current rate per square metre. Boundary walls, fencing and gates are measured by applying the appropriate current rate per meter. External services area measuring by applying the appropriate current rate to buildings gross floor area and, where appropriate, site area. The rate applied by the Department's quantity surveyor have been benchmarked against recent project tender prices and are applicable as of 1 July 2021 which has been adjusted for the ages and conditions based on straight line depreciation of each asset over time.

5.1.1 Depreciation and impairment

Depreciation charge for the period

	Notes	2021-22 \$'000	2020-21 \$'000
<u>Depreciation</u>			
Land Improvements	5.1	38,860	33,399
Buildings	5.1	133,396	106,351
Plant and equipment	5.1	44,286	40,292
Motor vehicles	5.1	340	437
Buses	5.1	986	896
Computers	5.1	1,560	2,272
Communication equipment	5.1	462	568
Office equipment	5.1	3,028	2,984
Miscellaneous assets	5.1	470	562
Total depreciation		223,388	187,761

Impairment charge for the period

	Notes	2021-22 \$'000	2020-21 \$'000
<u>Impairment</u>			
Land ^(a)	5.1	-	3,233
Buildings	5.1	-	-
Total impairment		-	3,233

(a) The land impairment reflects the impact of restrictions placed on the land acquired at market value to build a public school.

Useful lives

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

In calculating depreciation for buildings, including land improvements, the Department deems the economic life of the asset (as assessed by the valuer) to be the useful life of the asset. The asset is then depreciated on a straight line basis over its economic life.

Depreciation is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable assets are:

Buildings	50 to 80 ^(a)	Years
Land improvements	40 to 80	Years
Communication equipment	5	Years
Computers	4	Years
Furniture and fittings	10	Years
Motor vehicles	5	Years
Buses	10	Years
Musical instruments	8 to 12	Years
Office equipment	5 to 8	Years
Plant and equipment	8 to 25 ^(b)	Years
Software	4	Years

(a) School buildings have remaining useful life of 80 years and residential college buildings have a useful life of 50 years.

(b) Includes transportables and demountables with useful life of 25 years.

Works of art controlled by the Department are classified as property, plant and equipment. These are anticipated to have indefinite useful lives. Their service potential has not, in any material sense, been consumed during the reporting period and consequently no depreciation has been recognised.

Land is not depreciated.

Furniture and fittings, and musical instruments are included within miscellaneous assets.

5.1 Property, plant and equipment (continued)

Impairment

Non-financial assets, including items of plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised.

Where an asset measured at cost is written down to its recoverable amount, an impairment loss is recognised through profit or loss.

Where a previously revalued asset is written down to its recoverable amount, the loss is recognised as a revaluation decrement through other comprehensive income.

As the Department is a not-for-profit agency, the recoverable amount of regularly revalued specialised assets is anticipated to be materially the same as fair value.

If there is an indication that there has been a reversal in impairment, the carrying amount is increased to its recoverable amount. However, this reversal does not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of the asset's future economic benefits and to evaluate any impairment risk from declining replacement costs.

5.2 Right-of-use assets

	Land \$'000	Buildings \$'000	Buildings PPP \$'000	Motor vehicles \$'000	Other \$'000	Total \$'000
1 Jul 2020						
Gross carrying amount	2,898	33,690	253,050	7,738	52,224	349,600
Accumulated depreciation	(416)	(18,546)	(4,471)	(2,297)	(30,645)	(56,375)
Accumulated impairment loss	-	-	-	-	-	-
Carrying amount at start of period	2,482	15,144	248,579	5,441	21,579	293,225
Additions	-	23,103	29,417	2,043	4,529	59,092
Disposals	-	-	-	-	-	-
Transfers/Adjustments	(1)	(258)	95	(33)	(1)	(198)
Impairment losses	-	-	-	-	-	-
Depreciation	(416)	(20,575)	(4,148)	(2,253)	(11,574)	(38,966)
Carrying amount at 30 June 2021	2,065	17,414	273,943	5,198	14,533	313,153
Gross carrying amount	2,898	53,808	282,562	8,882	40,703	388,853
Accumulated depreciation	(833)	(36,394)	(8,619)	(3,684)	(26,170)	(75,700)
Accumulated impairment loss	-	-	-	-	-	-

	Land \$'000	Buildings \$'000	Buildings PPP \$'000	Motor vehicles \$'000	Other \$'000	Total \$'000
1 Jul 2021						
Gross carrying amount	2,898	53,808	282,562	8,882	40,703	388,853
Accumulated depreciation	(833)	(36,394)	(8,619)	(3,684)	(26,170)	(75,700)
Accumulated impairment loss	-	-	-	-	-	-
Carrying amount at start of period	2,065	17,414	273,943	5,198	14,533	313,153
Additions	-	16,548	18,753	1,168	9,873	46,342
Disposals	-	(5,255)	-	-	-	(5,255)
Revaluation increments/ (decrements)	-	-	-	-	-	-
Lease reassessment	-	34,436	-	-	-	34,436
Transfers/Adjustments*	830	213	13,993	189	(1)	15,224
Impairment losses	-	-	-	-	-	-
Depreciation	(404)	(27,794)	(3,912)	(2,218)	(8,908)	(43,236)
Carrying amount at 30 June 2022	2,491	35,562	302,777	4,337	15,497	360,664
Gross carrying amount	3,728	56,719	315,639	9,805	39,176	425,067
Accumulated depreciation	(1,237)	(21,157)	(12,862)	(5,468)	(23,679)	(64,403)
Accumulated impairment loss	-	-	-	-	-	-

* Include land improvements previously classified under property, plant and equipment were reclassified as right-of-use assets Buildings PPP, refer note 5.1.

Initial recognition

At the commencement date of the lease, the Department recognises right-of-use assets measured at cost including the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs
- restoration costs, including dismantling and removing the underlying asset.

The corresponding lease liabilities in relation to these right-of-use assets have been disclosed in Note 7.2 'Leases'.

The Department has elected not to recognise right-of-use assets and lease liabilities for short-term leases (with a lease term of 12 months or less) and low value leases (with an underlying value of \$5,000 or less when new). Lease payments associated with these leases are expensed over a straight-line basis over the lease term.

Subsequent measurement

The cost model is applied for subsequent measurement of right-of-use assets, requiring the asset to be carried at cost less any accumulated depreciation and accumulated impairment losses and adjusted for any remeasurement of leases.

Depreciation and impairment of right-of-use assets

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets.

If ownership of the leased asset transfers to the Department at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are tested for impairment when an indication of impairment is identified. The policy in connection with testing for impairment is outlined in Note 5.1.1.

5.2 Right-of-use assets (continued)

The following amounts relating to leases have been recognised in the statement of comprehensive income:

	Notes	2021-22 \$'000	2020-21 \$'000
<u>Depreciation</u>			
Land	5.2	404	416
Buildings	5.2	27,794	20,575
Buildings PPP	5.2	3,912	4,148
Vehicles	5.2	2,218	2,253
Other	5.2	8,908	11,574
Total depreciation expense of right-of-use assets		43,236	38,966
Lease interest expense		22,542	21,308
Short-term leases		14	22
Low-value leases		12,892	6,967

The total cash outflow for leases in 2021-22 was \$77.99 million (2020-21: \$66.07 million). As at 30 June 2022 there were no indications of impairment to right-of-use assets.

The Department's leasing activities and how these are accounted for:

The Department has leases for mostly vehicles, computer equipment, private public partnership schools and residential accommodations.

The residential accommodation leases are mostly fixed term leases with Government Regional Officers' Housing (GROH) which are included in buildings. The Department also has open ended leases with GROH, where either party may exit the agreement with limited penalty. As the agreements work on a month-to-month 'extension' basis, the lessee and lessor can elect to not continue extending the arrangement. As a result, under AASB 16, there is no non-cancellable period that gives rise to specific rights and obligations, and are therefore accounted for as an expense as incurred.

The Department has entered into a Memorandum of Understanding Agreement (MOU) with the Department of Finance for the leasing of office accommodation. These are not recognised under AASB 16 because of substitution rights held by the Department of Finance and are accounted for as an expense as incurred.

The Department recognises leases as right-of-use assets and associated lease liabilities in the Statement of Financial Position.

The corresponding lease liabilities in relation to these right-of-use assets have been disclosed in Note 7.2.

5.3 Intangible assets

	Computer Software \$'000	Internally generated intangibles - work in progress \$'000	Total \$'000
1 Jul 2020			
Gross carrying amount	10,812	3,642	14,454
Accumulated amortisation	(9,721)	-	(9,721)
Accumulated impairment loss	-	-	-
Carrying amount at start of period	1,091	3,642	4,733
Additions	-	156	156
Disposals	-	-	-
Transfers ^(a)	-	(2,558)	(2,558)
Impairment losses	-	-	-
Amortisation expense	(985)	-	(985)
Carrying amount at 30 June 2021	106	1,240	1,346
Gross carrying amount	10,812	1,240	12,052
Accumulated amortisation	(10,706)	-	(10,706)
Accumulated impairment loss	-	-	-
1 Jul 2021			
Gross carrying amount	10,812	1,240	12,052
Accumulated amortisation	(10,706)	-	(10,706)
Accumulated impairment loss	-	-	-
Carrying amount at start of period	106	1,240	1,346
Additions	-	156	156
Disposals	-	-	-
Transfers ^(a)	-	(156)	(156)
Impairment loss ^(b)	-	(1,240)	(1,240)
Amortisation expense	(105)	-	(105)
Carrying amount at 30 June 2022	1	-	1
Gross carrying amount	10,811	-	10,811
Accumulated amortisation	(10,810)	-	(10,810)
Accumulated impairment loss	-	-	-

(a) An amount of \$0.16 million previously included in the Department of Education's work in progress (relating to the Student Records Management System) was transferred to the Authority in 2021-22 (\$2.56 million transferred in 2020-21). See also Note 9.12 Equity.

(b) The impairment loss relates to the Enterprise Business System project for the former Department of Education Services (DES) which was discontinued following its amalgamation with the Department.

5.3 Intangible assets (continued)

Initial recognition

Intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- a. the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- b. an intention to complete the intangible asset, and use or sell it;
- c. the ability to use or sell the intangible asset;
- d. the intangible asset will generate probable future economic benefit;
- e. the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- f. the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Acquisitions of intangible assets costing \$50,000 or more and internally generated intangible assets costing \$50,000 or more that comply with the recognition criteria as per AASB 138.57 (as noted above), are capitalised.

Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income.

Costs incurred in the research phase of a project are immediately expensed.

Subsequent measurement

The cost model is applied for subsequent measurement of intangible assets, requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

5.3.1 Amortisation and impairment

Amortisation charge for the period

	Notes	2021–22 \$'000	2020–21 \$'000
Amortisation			
Intangible assets	5.3	105	985
Total amortisation		105	985

Impairment charge for the period

	Notes	2021–22 \$'000	2020–21 \$'000
Impairment			
Intangible assets	5.3	1,240	-
Total impairment		1,240	-

The Department held no goodwill or intangible assets with an indefinite useful life during the reporting period. At the end of the reporting period there were no intangible assets not yet available for use.

Amortisation of finite life intangible assets is calculated on a straight line basis at rates that allocate the asset's value over its estimated useful life. All intangible assets controlled by the Department have a finite useful life and zero residual value. Estimated useful lives are reviewed annually.

The estimated useful lives for each class of intangible asset are:

Software	4	Years
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Impairment of intangible assets

Central office, regional offices and schools assess impairment of intangible assets at the end of each reporting period. The impact of impairment of intangible assets in schools is minimal. Where there is an indication of impairment (such as falling replacement costs), the recoverable amount of the intangible asset is estimated. Calculations performed in assessing recoverable amounts incorporate a number of key estimates.

5.4 Service concession assets

	Land \$'000	Land improvements \$'000	Buildings \$'000	Plant and equipment \$'000	Total \$'000
1 Jul 2020					
Gross carrying amount	9,311	-	18,714	-	28,025
Accumulated depreciation	-	-	(414)	-	(414)
Accumulated impairment loss	-	-	-	-	-
Carrying amount at start of period	9,311	-	18,300	-	27,611
Adjustment for change in classification – Land improvements & transportables/demountables ^(a)	-	3,369	(3,978)	609	-
Reclassified carrying amount	9,311	3,369	14,322	609	27,611
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Revaluation increments/(decrements) ^(b)	-	440	1,842	-	2,282
Impairment losses	-	-	-	-	-
Depreciation	-	(108)	(494)	(74)	(676)
Transfers/Adjustments	-	2	(2)	1	1
Carrying amount at 30 June 2021	9,311	3,703	15,668	536	29,218
Gross carrying amount	9,311	3,907	16,335	610	30,163
Accumulated depreciation	-	(204)	(667)	(74)	(945)
Accumulated impairment loss	-	-	-	-	-

- (a) Given their nature and use from 1 July 2020, transportables and demountables were reclassified to plant and equipment, and land improvements were reclassified from buildings to its own asset class.
- (b) In 2020–21, the revaluation and capitalisation policy was amended to include buildings and land improvements project and professional fees.

Information on fair value measurements is provided in Note 8.3

5.4 Service concession assets (continued)

	Land \$'000	Land improvements \$'000	Buildings \$'000	Plant and equipment \$'000	Total \$'000
1 Jul 2021					
Gross carrying amount	9,311	3,907	16,335	610	30,163
Accumulated depreciation	-	(204)	(667)	(74)	(945)
Accumulated impairment loss	-	-	-	-	-
Carrying amount at start of period	9,311	3,703	15,668	536	29,218
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Revaluation increments/(decrements)	1,629	1,879	(626)	-	2,882
Impairment losses	-	-	-	-	-
Depreciation	-	(145)	(332)	(80)	(557)
Transfers/Adjustments	-	(4)	-	-	(4)
Carrying amount at 30 June 2022	10,940	5,433	14,710	456	31,539
Gross carrying amount	10,940	5,433	14,710	651	31,734
Accumulated depreciation	-	-	-	(195)	(195)
Accumulated impairment loss	-	-	-	-	-

Information on fair value measurements is provided in Note 8.3

Initial measurement

Service concession assets are initially measured at current replacement cost in accordance with the cost approach to fair value in AASB 13 Fair Value Measurement.

This same measurement approach applies to existing assets of the Department that have been reclassified as service concession assets at the date of reclassification. Any difference between the carrying amount of the asset and its current replacement cost is accounted for as if it is a revaluation of the asset.

Subsequent measurement

After initial recognition, service concession assets, other than plant and equipment, are subsequently measured applying the revaluation model (refer to Note 5.1 Property, Plant and Equipment).

5.4.1 Depreciation and impairment

	Notes	2021-22 \$'000	2020-21 \$'000
<u>Depreciation</u>			
Land improvements	5.4	145	108
Buildings	5.4	332	494
Plant and equipment	5.4	80	74
Total depreciation		557	676

Depreciation and impairment of service concession assets

Subsequent to initial recognition or reclassification, a service concession asset is depreciated in accordance with AASB 116 Property, Plant and Equipment, with any impairment recognised in accordance with AASB 136 Impairment of Assets (refer to Note 5.1.1 Depreciation and Impairment).

The Department's camp schools and Landsdale Farm meet the eligibility requirement of a service concession asset. The Department leased 6 camp schools to Fairbridge Western Australia Inc for a period of 15 years (renewable for another 2 five-year lease terms) for a nominal cost, and Landsdale Farm to Strive Community Services Inc for an initial period of 5 years (renewable for another 2 five-year lease terms) at an annual rental amount.

6. Other assets and liabilities

This section sets out those assets and liabilities that arose from the Department's controlled operations and includes other assets utilised for economic benefits and liabilities incurred during normal operations:

	Note
Receivables	6.1
Amounts receivable for services (Holding account)	6.2
Other current assets	6.3
Inventories	6.4
Payables	6.5
Other provisions	6.6
Other liabilities	6.7

6.1 Receivables

	2021-22 \$'000	2020-21 \$'000
<u>Current</u>		
Trade receivables	48,278	36,800
Loans to non-government schools and the University of Notre Dame Australia (UNDA)	39,436	37,896
Allowance for impairment of receivables	(13,811)	(11,258)
GST receivable	20,664	16,992
Total current	94,567	80,430
<u>Non-current</u>		
Loans to non-government schools and the UNDA	327,797	317,639
Total non-current	327,797	317,639
Total receivables at end of period	422,364	398,069

Trade receivables

Trade receivables are initially recognised at their transaction price or, for those receivables that contain a significant financing component, at fair value. The Department holds the receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

The Department recognises a loss allowance for expected credit losses (ECLs) on a receivable not held at fair value through profit or loss. The ECLs represent the difference between the contractual cash flows and the cash flows that the entity expects to receive, discounted at the original effective interest rate. Individual receivables are written off when the Department has no reasonable expectations of recovering the contractual cash flows.

For trade receivables, the Department recognises an allowance for ECLs measured at the lifetime expected credit losses at each reporting date. The Department has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Please refer to Note 3.3 for the amount of ECLs expensed in this financial year.

6.1 Receivables (continued)

Loans to non-government schools and the UNDA

The Department reports the value of subsidised loans it provides to non-government schools and the UNDA, in accordance with AASB 9. The loans are measured at amortised cost and have a maturity term not exceeding 15 years, as per the Low Interest Loan Scheme (LILS) guidelines. These loans are not held for trading purposes. See Note 8.1 Financial risk management.

The loans are granted at a subsidised average interest rate of 2.47% per annum. The Department meets the difference between the subsidised interest and the cost of borrowing through a government appropriation (refer to Note 4.4).

Estimated credit losses are provided for the life of loans using the simplified approach under AASB 9, taking into account historical trends as well as current and forecast credit risks. A progressive provisioning matrix is applied based on an ageing analysis. All loans were classified as current at the end of the reporting period with a general provision for estimated credit losses at 0.29% (2020–21: 0.34%).

6.1.1 Movement in the allowance for impairment of trade receivables

	2021–22 \$'000	2020–21 \$'000
<u>Reconciliation of changes in the allowance for impairment of trade receivables:</u>		
Opening balance	11,258	14,474
Expected credit losses expense	7,690	1,709
Amounts written off during the period	(5,137)	(4,925)
Allowance for impairment at end of period	13,811	11,258

The maximum exposure to credit risk at the end of the reporting period for trade receivables is the carrying amount of the asset inclusive of any allowance for impairment as shown in the table at Note 8.1(c) 'Credit risk exposure'.

Other than loans to non-government schools and the University of Notre Dame Australia (UNDA), for trade receivables, the Department does not hold any collateral as security or other credit enhancements.

6.2 Amounts receivable for services (Holding Account)

	2021–22 \$'000	2020–21 \$'000
Current	26,623	18,943
Non-current	3,611,673	3,318,953
Total amounts receivable for services at end of period	3,638,296	3,337,896

Amounts receivable for services represents the non-cash component of service appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability.

The amounts receivable for services are financial assets at amortised cost, and are not considered impaired (i.e. there is no expected credit loss of the holding accounts).

6.3 Other current assets

	2021–22 \$'000	2020–21 \$'000
<u>Current</u>		
Contract assets	6,702	-
Prepayments	16,816	13,091
Total other current assets at end of period	23,518	13,091

Contract assets

Where a Department performs by transferring either goods or services to a customer before the payment is due or before the customer pays for consideration, then these are to be classified as contract assets. Contract assets exclude any amounts presented as a receivable.

Prepayments

Represents payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

6.4 Inventories

	2021–22 \$'000	2020–21 \$'000
<u>Inventories held for resale:</u>		
School canteens, publications and bookshops stocks (at cost)	2,167	2,301
Livestock and farm produce (at cost)	6,423	5,251
Total inventories at end of period	8,590	7,552

Inventories are measured at the lower of cost and net realisable value. Costs are assigned by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first out basis.

Inventories not held for resale are valued at cost unless they are no longer required, in which case they are valued at net realisable value.

6.5 Payables

	2021–22 \$'000	2020–21 \$'000
<u>Current</u>		
Trade and other payables – central office	1,414	1,193
Trade and other payables – schools	4,275	4,665
Accrued expenses	57,181	72,659
Accrued salaries	120,253	61,225
Total current	183,123	139,742
<u>Non-current</u>		
Trade and other payables – central office	2,071	1,562
Total non-current	2,071	1,562
Total payables at end of period	185,194	141,304

Payables

Payables are recognised at the amounts payable when the Department becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value as settlement for the Department is generally within 15 to 20 days.

Accrued salaries

Accrued salaries represent the amount due to staff but unpaid at the end of the reporting period, including an accrual for backpay. Accrued salaries are normally settled within a fortnight of the reporting period end. The Department considers the carrying amount of accrued salaries to be equivalent to its fair value.

The accrued salaries suspense account (see Note 7.5.2 'Restricted cash and cash equivalents') consists of amounts paid annually, from Departmental appropriations for salaries expense, into a Department of Treasury suspense account to meet the additional cash outflow for employee salary payments in reporting periods with 27 pay days instead of the normal 26. No interest is received on this account.

6.6 Other provisions

	2021–22 \$'000	2020–21 \$'000
<u>Current</u>		
Make-good provision	196	19
School ventilation program	8,024	-
Total current	8,220	19
<u>Non-current</u>		
Make-good provision	378	170
Cladding rectification provision	3,302	3,221
Total non-current	3,680	3,391
Total other provisions at end of period	11,900	3,410

A restoration provision needs to be recognised for the present value of the estimated expenditure required, due to the Department's legal or constructive obligation, to dismantle and restore leasehold improvements, and undertake cladding rectification works.

A restoration provision is recognised when:

- there is a present obligation;
- it is probable that an outflow of economic benefits will be required to settle the obligation; and
- the amount of the provision can be measured reliably.

The provision for future restoration cost is the best estimate of the expenditure required to settle the restoration obligation at the reporting date. Future restoration costs are reviewed annually for cladding rectification works and every 3 years for make-good and any changes in the estimate are reflected in the restoration provision at each reporting date.

Make-good (restoration) provision

Some leased premises are required to be restored to their original condition at the end of their respective lease terms.

School ventilation provision

The Department has committed and made pronouncements to optimise ventilation in schools to reduce the impact of COVID-19 in line with national and international guidelines. This will be achieved by using natural fresh air (opened windows) or through a range of mechanical means such as fans and air conditioning systems as well as air purifiers. Pursuant to the pronouncement, the Department commenced a ventilation program in schools and the provision is for the costs not yet paid for as at the end of the financial year.

Cladding rectifications (restoration) provision

Following a fire involving aluminium composite panels, the Building Commission requested agencies assess their facilities. The Department has assessed all projects where aluminium composite panels were used since 2000. Where projects are identified as having potentially combustible cladding, fire engineering assessments were undertaken. At the time of reporting, three buildings belonging to the Department have been identified in the Department of Mines, Industry Regulation and Safety report. Further investigations have been undertaken by Department of Finance on the behalf of the Department for 13 schools. This work has resulted in the identification of solutions for 11 schools, signage solutions for 2 schools and one school was found to require no work. The implementation of the proposed solutions is now subject to the funding through the usual budget process. The 2022–23 State budget allocated \$3.30 million of funding which becomes available in 2024–25. The timeline for delivery will be developed accordingly.

6.6.1 Movement in provisions

Movements in each class of provision during the period are set out below:

	2021-22 \$'000	2020-21 \$'000
<u>Make-good provision</u>		
Carrying amount at start of period	189	189
Additional/(reversals of) provisions recognised	385	-
Payments	-	-
Carrying amount at end of period	574	189
<u>School ventilation program provision</u>		
Carrying amount at start of period	-	-
Additional/(reversals of) provisions recognised	8,024	-
Payments	-	-
Carrying amount at end of period	8,024	-
<u>Cladding rectification provision</u>		
Carrying amount at start of period	3,221	-
Additional/(reversals of) provisions recognised	81	3,221
Payments	-	-
Carrying amount at end of period	3,302	3,221

6.7 Other liabilities

	2021-22 \$'000	2020-21 \$'000
<u>Current</u>		
Amounts held in schools suspense accounts	6,157	5,890
Accrued interest expense	2,138	2,195
Other	2,286	151
Contract liabilities	28,121	9,991
Grants liabilities	-	-
Total current	38,702	18,227
Total other liabilities at end of period	38,702	18,227

Contract liabilities

Contract liabilities, classified as amounts due to customers for services yet to be provided, primarily relate to when the Department has received consideration in advance of satisfying the performance obligation. Refer to Notes 4.2, 4.3 and 4.5 for details of the revenue recognition policy.

6.7.1 Movement in contract liabilities

	2021-22 \$'000	2020-21 \$'000
<u>Reconciliation of changes in contract liabilities</u>		
Opening balance	9,991	2,376
Additions	28,398	9,368
Revenue recognised in the reporting period	(10,268)	(1,753)
Balance at end of period	28,121	9,991

The Department expects to satisfy the performance obligations unsatisfied at the end of the reporting period within the next 12 months.

7. Financing

This section sets out the material balances and disclosures associated with the financing and cash flows of the Department.

	Note
Borrowings	7.1
Leases	7.2
Assets pledge as security	7.3
Finance costs	7.4
Cash and cash equivalents	7.5
Reconciliation of cash	7.5.1
Restricted cash and cash equivalents	7.5.2
Reconciliation of operating activities	7.5.3
Capital commitments	7.6

7.1 Borrowings

	2021-22 \$'000	2020-21 \$'000
<u>Current</u>		
WATC loans	39,436	37,896
Total current	39,436	37,896
<u>Non-current</u>		
WATC loans	349,132	342,801
Total non-current	349,132	342,801
Total borrowings at end of period	388,568	380,697

Borrowings refer to interest bearing liabilities mainly raised through Western Australian Treasury Corporation.

Interest bearing financial liabilities are classified at amortised cost and initially recognised at fair value of the consideration received less directly attributable transactions costs.

Subsequent to initial recognition the borrowings are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

The Department designates the financial instruments at fair value through profit or loss upon initial recognition when the designation eliminates, or significantly reduces, measurement or recognition inconsistency that would otherwise arise.

The Department has not designated any financial liabilities as at fair value through profit or loss.

The changes in fair value of financial liabilities designated at fair value through profit or loss are recognised in profit or loss with movements in fair value due to changes in the Department's own credit risk recognised in other comprehensive income.

7.1 Borrowings (continued)

Western Australian Treasury Corporation (WATC) Low Interest Loans

The Department borrows from the WATC to finance loans provided under the Low Interest Loan Scheme (LILS), see also Note 6.1 Receivables. Loans are borrowed at an average rate of interest of 2.47% per annum. The carrying amounts are equivalent to their net fair values.

The current WATC Low Interest Loans relates to the portion of the principal repayments payable to WATC within the next 12 months. The amount is derived from estimates provided through the low interest loans system and the repayment schedule provided by WATC.

7.2 Leases

	2021-22 \$'000	2020-21 \$'000
Current	39,826	26,128
Non-current	342,291	322,707
	382,117	348,835

At the commencement date of the lease, the Department recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Department uses the incremental borrowing rate provided by Western Australian Treasury Corporation (WATC).

Lease payments included by the Department as part of the present value calculation of lease liability include:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options (where these are reasonably certain to be exercised);
- Payments for penalties for terminating a lease, where the lease term reflects the Department exercising an option to terminate the lease.

The interest on the lease liability is recognised in profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease liabilities do not include any future changes in variable lease payments (that depend on an index or rate) until they take effect, in which case the lease liability is reassessed and adjusted against the right-of-use asset.

Periods covered by extension or termination options are only included in the lease term by the Department if the lease is reasonably certain to be extended (or not terminated).

This section should be read in conjunction with Note 5.2.

Subsequent measurement

Lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liabilities; reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount at amortised cost, subject to adjustments to reflect any reassessment or lease modifications.

Public Private Partnerships

The State Government partnered with a single Project Company to design, build, finance and maintain 4 new primary schools and 4 secondary schools to open progressively from 2017 to 2020, with a subsequent maintenance period ending in December 2047.

Schools are designed, constructed and made available to the Department, upon commercial acceptance (CA). The Project Company is to provide, over the duration of the term, agreed facilities management services, maintenance and refurbishment of the schools. At the end of the term, the Project Company is to hand over the schools to the Department in a well maintained condition, for nil consideration.

These Public Private Partnership (PPP) schools are recognised by the Department as a right-of-use asset with a right-of-use liability on achievement of CA of each phase of each school. The Department takes control of the school upon CA and provides school activities, including educational services and administration. The Department makes Quarterly Service Payments (QSP) over the term comprising repayment of design and construction costs and maintenance and service payments. The payment of the QSP will result in a reduction of the lease liability over time.

7.3 Assets pledged as security

	Notes	2021-22 \$'000	2020-21 \$'000
<u>Assets pledged as security</u>			
The carrying amounts of non-current assets pledged as security are:			
Right-of-use asset - Land	5.2	2,491	2,065
Right-of-use asset - Buildings	5.2	35,562	17,414
Right-of-use asset - Buildings PPP	5.2	302,777	273,943
Right-of-use asset - Motor vehicles	5.2	4,337	5,198
Right-of-use asset - Other	5.2	15,497	14,533
Total assets pledged as security		360,664	313,153

The Department has secured the right-of-use assets against the related lease liabilities. In the event of default, the rights to the leased assets will revert to the lessor.

7.4 Finance costs

	2021-22 \$'000	2020-21 \$'000
Lease interest expense	22,542	21,308
Loan fair value expense ^(a)	2,332	269
Interest expensed ^(b)	10,055	10,630
Total finance costs expensed	34,929	32,207

(a) Represents the write-down to fair value of low interest loans provided to non-government schools. The amount of loans provided during 2021-22 was \$49.85 million (2020-21: \$38.81 million).

(b) Represents the amounts charged for loans provided to the Department by the WATC for the operation of the LILS and special loan to the University of Notre Dame Australia (UNDA). Refer to Note 4.4 Interest Revenue and Note 6.1 Receivables for further details.

7.5 Cash and cash equivalents

7.5.1 Reconciliation of cash

	2021-22 \$'000	2020-21 \$'000
<u>Schools</u>		
Bank accounts	407,409	397,050
Cash on hand	100	134
	407,509	397,184
<u>Central office</u>		
Operating bank account	105,954	210,619
	105,954	210,619
Total cash and cash equivalents at end of period	513,463	607,803

For the purpose of the Statement of Cash Flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand and short-term deposits with original maturities of 3 months or less that are readily convertible to a known amount of cash, and which are subject to insignificant risk of changes in value.

7.5.2 Restricted cash and cash equivalents

	2021-22 \$'000	2020-21 \$'000
<u>Current</u>		
Grants accounts ^(a)	24,162	13,976
Royalties for Regions Fund	4,623	1,559
Paid Parental Leave	513	421
Special purpose account - TRBWA ^(b)	8,555	8,880
Special purpose account - Student Residential Colleges Fund ^(b)	1,343	1,266
	39,196	26,102
<u>Non-current</u>		
Accrued salaries suspense account (27th pay) ^(c)	91,131	79,569
	91,131	79,569
Total restricted cash and cash equivalents at end of period	130,327	105,671

(a) Unspent cash balances relating to Australian Government grants, state and private partnerships funding, which can only be used for the purpose stipulated by the grant or funding arrangement.

(b) Refer to Note 9.8 for further details.

(c) Funds held in a suspense account with Department of Treasury for the purpose of meeting the 27th pay in a reporting period that occurs every 11th year.

For the purpose of the statement of cash flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand and short-term deposits with original maturities of 3 months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

The accrued salaries suspense account consists of amounts paid annually, from agency appropriations for salaries expense, into a Treasury suspense account to meet the additional cash outflow for employee salary payments in reporting periods with 27 pay days instead of the normal 26. No interest is received on this account.

7.5.3 Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities

	Notes	2021-22 \$'000	2020-21 Reclassified* \$'000
Cash and cash equivalents	7.5.1	513,463	607,803
Restricted cash and cash equivalents	7.5.2	130,327	105,671
		643,790	713,474
Reconciliation of net cost of services to net cash flows used in operating activities			
Net cost of services		(4,438,506)	(3,891,366)
<u>Non-cash Items</u>			
Depreciation expense	5.1.1, 5.4.1, 5.2	267,181	227,403
Amortisation expense	5.3.1	105	985
Impairment expense	5.1.1, 5.3.1	1,240	3,233
Resources received free of charge	4.1	14,947	17,167
Expected credit losses expense	3.3	7,685	1,710
Loss on disposal of non-current assets	3.3	1,571	3,499
Asset revaluation increment	4.6	-	(481,679)
Adjustment for other non-cash items		(251)	(6,454)
<u>(Increase)/decrease in assets</u>			
Current receivables ^(a)		(13,018)	4,696
Current inventories		(1,038)	(1,110)
Other current assets		(10,427)	(2,328)
Non-current receivables		(10,158)	(19,442)
<u>Increase/(decrease) in liabilities</u>			
Provisions		41,372	81,873
Current payables and other liabilities ^(a)		63,856	11,958
Non-current payables		509	558
Net GST receipts/(payments) ^(b)		(3,793)	(381)
Change in GST in receivables and payables ^(c)		(3,672)	(352)
Net cash used in operating activities		(4,082,397)	(4,050,030)

* See also Note 9.4 for details regarding the reclassification of comparatives

(a) The Australian Taxation Office (ATO) receivable/payable in respect of GST and the receivable/payable in respect of the sale/purchase of non-current assets are not included in these items as they do not form part of the reconciling items.

(b) This is the net GST paid/received, i.e. cash transactions.

(c) This reverses out the GST in receivables and payables.

7.6 Commitments

7.6.1 Capital commitments

	2021-22 \$'000	2020-21 \$'000
Capital expenditure commitments^(a)		
<u>Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:</u>		
Within 1 year	445,744	388,475
Later than 1 year and not later than 5 years	373,515	326,126
	819,259	714,601
<u>The capital commitments include amounts for:</u>		
2021 Election Commitments	310,545	-
Additional Stages at High Schools	46	-
Additional Stages at Secondary Schools	25,184	61,826
Additions and Improvements to High Schools	377	-
Additions and Improvements to Residential Colleges	606	110
Additions and Improvements to Primary Schools	6,105	18,496
Additions and Improvements to Secondary Schools	46,893	94,702
COVID-19 Response - Capital ^(a)	213,771	289,798
Fire Damage	968	-
Infrastructure managed projects at Residential Colleges	101	-
Miscellaneous	13,221	18,668
Modular Buildings	28,863	-
New Primary Schools	134,341	153,503
New Secondary Schools	29,631	46,125
Other School Facilities	4,279	6,768
Other Works	-	7,199
PPP Retained Funding	2,650	-
Remote Community Schools	745	-
Royalties for Regions	250	-
School Funded Project	273	2,124
Stimulus Package	146	13,088
Universal Access Program	264	2,194
	819,259	714,601

(a) As part of the WA Recovery Plan to guide Western Australia through COVID-19 recovery, the State Government has provided additional funding, and will include major additions to burgeoning secondary schools, new sport halls, classrooms, specialist facilities and refurbishments.

8. Risks and contingencies

This section sets out the key risk management policies and measurements techniques of the Department.

	Note
Financial risk management	8.1
Contingent assets and liabilities	8.2
Fair value measurements	8.3

8.1 Financial risk management

Financial instruments held by the Department are cash and cash equivalents, restricted cash and cash equivalents, receivables, payables, Western Australian Treasury Corporation (WATC) borrowings and finance leases. The Department has limited exposure to financial risks. The Department's overall risk management program focuses on managing the risks identified below.

(a) Summary of risks and risk management

Credit risk

Credit risk arises when there is a possibility of the Department's receivables defaulting on their contractual obligations resulting in a financial loss to the Department.

Credit risk associated with the Department's financial assets is minimal because the main receivable is the amounts receivable for services (holding account). Policies are in place to minimise exposure to credit risk associated with loans to non-government schools and the University of Notre Dame Australia (UNDA), students and other debtors. In addition, receivable balances are monitored on an ongoing basis with the result that the Department's exposure to bad debts is minimal. Debt will be written-off against the allowance account when it is improbable or uneconomical to recover the debt. At the end of the reporting period there were no significant concentrations of credit risk.

Liquidity risk

Liquidity risk arises when the Department is unable to meet its financial obligations as they fall due.

The Department is exposed to liquidity risk through its trading in the normal course of business. The Department has appropriate procedures to manage cash flows including drawdowns of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Department's income or the value of its holdings of financial instruments. The Department does not trade in foreign currency and is not materially exposed to other price risks. The Department's exposure to market risk for changes in interest rates primarily relates to the long-term debt obligations.

All borrowings are due to the WATC and are repayable at fixed rates with varying maturities. Other than as detailed in the interest rate sensitivity analysis table at Note 8.1(e), the Department is not exposed to interest rate risk because the majority of cash and cash equivalents and restricted cash are non-interest bearing, and it has no borrowings other than the WATC borrowings and lease liabilities (fixed interest rate).

8.1 Financial risk management (continued)

(b) Categories of financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are as follows:

	Notes	2021–22 \$'000	2020–21 \$'000
<u>Financial assets</u>			
Cash and cash equivalents	7.5.1	513,463	607,803
Restricted cash and cash equivalents	7.5.2	130,327	105,671
Financial assets at amortised cost ^(a)	6.1, 6.2	4,039,996	3,718,973
Total financial assets		4,683,786	4,432,447
<u>Financial liabilities</u>			
Financial liabilities measured at amortised cost	7.1, 7.2, 6.5, 6.7	994,581	889,063
Total financial liability		994,581	889,063

(a) The amount of receivables/financial assets at amortised cost excludes GST recoverable from the ATO (statutory receivable).

(c) Credit risk exposure

The following table details the credit risk exposure on the Department's trade receivables using a provision matrix.

	Total \$'000	Days past due			
		Current \$'000	<30 Days \$'000	31-60 days \$'000	>60 days \$'000
30 June 2022					
Central Office					
Expected credit loss rate		1.00%	2.00%	5.00%	20.00%
Estimated total gross carrying amount at default	2,383	433	238	559	1,154
Expected credit losses	(268)	(4)	(5)	(28)	(231)
Loans to non-government schools and UNDA^(a)					
Expected credit loss rate		0.29%			
Estimated total gross carrying amount at default	367,233	367,233			
Expected credit losses	(1,065)	(1,065)			
Schools, Residential Colleges and other debtors^(b)					
Estimated total gross carrying amount at default	45,895				
Expected credit losses	(12,478)				
Total					
Estimated total gross carrying amount at default ^(c)	415,511				
Expected credit losses	(13,811)				
30 June 2021					
Central Office					
Expected credit loss rate		1.00%	2.00%	5.00%	20.00%
Estimated total gross carrying amount at default	2,375	903	689	55	728
Expected credit losses	(171)	(9)	(14)	(3)	(146)
Loans to non-government schools and UNDA^(a)					
Expected credit loss rate		0.34%			
Estimated total gross carrying amount at default	355,535	355,535			
Expected credit losses	(1,209)	(1,209)			
Schools, Residential Colleges and other debtors^(b)					
Estimated total gross carrying amount at default	34,425				
Expected credit losses	(9,878)				
Total					
Estimated total gross carrying amount at default ^(c)	392,335				
Expected credit losses	(11,258)				

(a) The provision is based on estimated credit losses on outstanding loan balances.

(b) The calculation of past due aged analysis is not available for \$30.20 million of this class of debtor (\$24.80 million in 2020–21), the residual \$15.69 million (\$9.60 million in 2020–21) comprise state government agency debtors and not considered to be impaired.

(c) The estimated total gross amount and expected credit losses includes all debtors except for the GST recoverable from the ATO (statutory receivable).

8.1 Financial risk management (continued)

(d) Liquidity risk and interest rate exposure

The following table details the Department’s interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities. The maturity analysis section includes interest and principal cash flows. The interest rate exposure section analyses only the carrying amount of each item.

Interest rate exposure and maturity analysis of financial assets and financial liabilities

	Weighted Average Effective Interest Rate %	Interest rate exposure				Nominal Amount ^(b) \$'000	Maturity dates (Reclassified ^(c))				
		Carrying Amount \$'000	Fixed Interest rate \$'000	Variable Interest rate \$'000	Non-Interest bearing \$'000		Up to 1 month \$'000	1 - 3 months \$'000	3 months to 1 year \$'000	1 - 5 years \$'000	More than 5 years \$'000
2020–21											
Financial Assets											
Schools cash balances	0.07	281,289	-	281,155	134	281,289	281,289	-	-	-	-
Schools term deposits	0.23	115,747	115,747	-	-	115,747	85,704	-	13,962	16,081	-
Central office cash balances		210,619	-	-	210,619	210,619	210,619	-	-	-	-
Restricted cash – TRBWA	0.32	8,880	-	8,880	-	8,880	8,880	-	-	-	-
Restricted cash – Residential Colleges Fund	0.37	1,266	-	1,266	-	1,266	683	-	167	416	-
Restricted cash balances – other		95,525	-	-	95,525	95,525	95,525	-	-	-	-
Trade receivables ^(a)		25,542	-	-	25,542	25,542	25,542	-	-	-	-
Loans to non-government schools and UNDA ^{(a), (c)(i)}	4.42	355,535	355,535	-	-	437,622	-	11,488	35,839	177,645	212,650
Amounts receivable for services		3,337,896	-	-	3,337,896	3,337,896	2,082	3,470	13,391	75,772	3,243,181
		4,432,299	471,282	291,301	3,669,716	4,514,386	710,324	14,958	63,359	269,914	3,455,831
Financial Liabilities											
Payables		141,304	-	-	141,304	141,304	139,742	-	-	-	1,562
Lease liabilities ^{(c)(ii)}	6.21	348,835	348,835	-	-	712,929	2,672	11,254	33,525	120,324	545,154
WATC loans ^{(c)(i)}	2.56	380,697	380,697	-	-	448,224	2,564	11,634	33,150	181,612	219,265
Other liabilities		18,227	-	-	18,227	18,227	18,227	-	-	-	-
		889,063	729,532	-	159,531	1,320,684	163,205	22,888	66,675	301,936	765,981

(a) The carrying amount of loans and receivables exclude GST recoverable from the ATO (statutory receivable).
(b) The amounts disclosed are the calculated undiscounted cash flow of each class of financial liabilities.
(c) The following nominal values have been reclassified:
(i) Loans to non-government schools and UNDA from \$355.54 million to \$437.62 million and WATC loans from \$380.70 million to \$448.22 million; and
(ii) Lease liabilities from \$348.84 million to \$712.93 million.

8.1 Financial risk management (continued)

Interest rate exposure and maturity analysis of financial assets and financial liabilities

	Weighted Average Effective Interest Rate %	Interest rate exposure				Nominal Amount ^(b) \$'000	Maturity dates				
		Carrying Amount \$'000	Fixed Interest rate \$'000	Variable Interest rate \$'000	Non-Interest bearing \$'000		Up to 1 month \$'000	1 - 3 months \$'000	3 months to 1 year \$'000	1 - 5 years \$'000	More than 5 years \$'000
2021-22											
Financial Assets											
Schools cash balances	0.32	297,947	-	297,847	100	297,947	297,947	-	-	-	-
Schools term deposits	0.26	109,562	109,562	-	-	109,562	80,328	-	12,386	16,848	-
Central office cash balances		105,954	-	-	105,954	105,954	105,954	-	-	-	-
Restricted cash – TRBWA	0.50	8,555	-	8,555	-	8,555	8,555	-	-	-	-
Restricted cash – Residential Colleges Fund	0.58	1,343	-	743	600	1,343	1,175	-	-	168	-
Restricted cash balances – other		120,429	-	-	120,429	120,429	120,429	-	-	-	-
Trade receivables ^(a)		34,467	-	-	34,467	34,467	34,467	-	-	-	-
Loans to non-government schools and UNDA ^(a)	4.15	367,233	367,233	-	-	447,121	-	11,603	37,230	182,502	215,786
Amounts receivable for services		3,638,296	-	-	3,638,296	3,638,296	2,092	4,230	20,301	106,492	3,505,181
		4,683,786	476,795	307,145	3,899,846	4,763,674	650,947	15,833	69,917	306,010	3,720,967
Financial Liabilities											
Payables		185,194	-	-	185,194	185,194	183,123	-	-	2,071	-
Lease liabilities	6.17	382,117	382,117	-	-	746,904	3,673	14,117	45,246	131,826	552,042
WATC loans ^(c)	2.47	388,568	388,568	-	-	445,824	2,125	11,825	33,819	181,511	216,544
Other liabilities		38,702	-	-	38,702	38,702	38,702	-	-	-	-
		994,581	770,685	-	223,896	1,416,624	227,623	25,942	79,065	315,408	768,586

(a) Carrying amount approximates fair value and excludes GST recoverable from the ATO (statutory receivable).

(b) The amounts disclosed are the calculated undiscounted cash flow of each class of financial of assets or liabilities.

(c) The fair value of WATC loans was \$368.49 million.

8.1 Financial risk management (continued)

(e) Interest rate sensitivity analysis

The following table represents a summary of the interest rate sensitivity of the Department's financial assets and liabilities at the end of the reporting period on the surplus for the period and equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

	Carrying amount \$'000	-100 basis points		+100 basis points	
		Surplus \$'000	Equity \$'000	Surplus \$'000	Equity \$'000
2020-21					
Financial assets					
Schools cash balances	281,289	(2,813)	(2,813)	2,813	2,813
Special purpose account - TRBWA	8,880	(89)	(89)	89	89
Special purpose account - Residential Colleges Fund	1,266	(13)	(13)	13	13
Total increase/(decrease)		(2,914)	(2,914)	2,914	2,914
2021-22					
Financial assets					
Schools cash balances	297,947	(2,979)	(2,979)	2,979	2,979
Special purpose account - TRBWA	8,555	(86)	(86)	86	86
Special purpose account - Residential Colleges Fund	1,343	(13)	(13)	13	13
Total increase/(decrease)		(3,078)	(3,078)	3,078	3,078

8.2 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the statement of financial position but are disclosed and, if quantifiable, are measured at the best estimate.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

The Department had no contingent assets as at 30 June 2022.

8.2.1 Contingent liabilities

The following contingent liabilities are additional to the liabilities included in the financial statements:

Litigation in progress

The Department is involved in a number of litigation proceedings either covered by the Insurance Commission of Western Australia, Government Insurance Division, eligible for recoup from the Department of Treasury's Special Purpose Fund, or of a nature that will not have a significant impact on the Department's financial position.

Contaminated sites

The Department currently has 73 sites that are owned by the Department and registered with Department of Water and Environmental Regulation under the *Contaminated Sites Act 2003*. Of these, 31 do not require any further action and 42 are still subject to investigation or require ongoing management. Where a school or school site is identified as possibly contaminated, an investigation is carried out by a qualified environmental health consultant. In addition to a visual inspection, analytical techniques, such as material, water and soil testing are used to confirm the nature and extent of the contamination. Upon completion of their investigation, the consultant submits a report to the Department of Education, which is then forwarded to the Department of Water and Environmental Regulation for classification according to the Contaminated Sites Act.

Casual employees' entitlement to long service leave

In September 2019, the Department of Mines, Industry Regulation and Safety – Government Sector Labour Relations (GSLR) informed public sector agencies that the *Long Service Leave Act 1958* (LSL Act) applies to casual public sector employees. Since then public sector industrial agreements have been progressively renegotiated so that casual employees will accrue long service leave entitlements under their applicable award or agreement from the date it is registered. In February 2021, GSLR issued a Guidance Note on the transitional arrangements for long service leave entitlements of current casual employees from the LSL Act to the applicable industrial instruments. The Department has determined that the liabilities associated with long service leave entitlements for the below categories of both current casual employees and those who have left employment are unable to be measured with sufficient reliability at reporting date due to following factors:

- Employee liability for service from 1996-2003 is unknown due to the unavailability of electronic records for service periods. It is acknowledged that employees may make a claim to the Department to have their eligibility for additional entitlements to Casual LSL assessed for service performed between 1996 and 2003.
- Terminated (former) employees liability who may have an entitlement under the Act have not yet been calculated, notwithstanding this, former employees may make a claim to the Department to assess their service from 1996 to termination date to determine any entitlement.

8.3 Fair value measurements

Assets measured at fair value	Notes	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Fair value at end of period \$'000
2021-22					
Non-current assets classified as held for sale	9.11	-	-	26,019	26,019
Land	5.1	-	-	4,053,559	4,053,559
Land improvements	5.1	-	-	2,118,556	2,118,556
Buildings	5.1	-	-	6,870,856	6,870,856
Service concession land	5.4	-	-	10,940	10,940
Service concession land improvements	5.4	-	-	5,433	5,433
Service concession buildings	5.4	-	-	14,710	14,710
		-	-	13,100,073	13,100,073
2020-21					
Non-current assets classified as held for sale	9.11	-	-	25,686	25,686
Land	5.1	-	-	3,684,532	3,684,532
Land improvements	5.1	-	-	1,667,930	1,667,930
Buildings	5.1	-	-	6,179,722	6,179,722
Service concession land	5.4	-	-	9,311	9,311
Service concession land improvements	5.4	-	-	3,703	3,703
Service concession buildings	5.4	-	-	15,668	15,668
		-	-	11,586,552	11,586,552

There were no transfers between Levels 1, 2 or 3 during the period

8.3 Fair value measurements (continued)

Fair value measurements using significant unobservable inputs (Level 3)

	Non-current assets classified as held for sale \$'000	Land \$'000	Land improvements \$'000	Buildings \$'000	Service concession land \$'000	Service concession buildings \$'000	Service concession land improvements \$'000
2021-22							
Fair Value at start of period	25,686	3,684,532	1,667,930	6,179,722	9,311	15,668	3,703
Additions	-	34,009	-	36,376	-	-	-
Transfer from Work in Progress	-	6,226	2,680	188,623	-	-	-
Transfers to/from held for distribution (within Level 3)	571	(571)	-	-	-	-	-
Disposals	(238)	(254)	-	-	-	-	-
Revaluation increase/(decrease)	-	329,615	500,798	599,667	1,629	(626)	1,879
Depreciation expense	-	-	(38,860)	(133,396)	-	(332)	(145)
Transfers/adjustments	-	2	(13,992)	(136)	-	-	(4)
Fair Value at end of period	26,019	4,053,559	2,118,556	6,870,856	10,940	14,710	5,433
Net loss on disposal of non-current assets under 'Carrying amount of disposal of non-current assets' in Note 3.4	-	254	-	-	-	-	-
2020-21							
Fair Value at start of period	3,499	3,694,138	-	7,147,130	9,311	18,300	-
Adjustment for change in accounting classification - Land improvements & transportables/demountables	-	-	1,507,373	(1,806,313)	-	(3,978)	3,369
Reclassified fair value at start of period	3,499	3,694,138	1,507,373	5,340,817	9,311	14,322	3,369
Additions	-	-	-	39,558	-	-	-
Transfer from Work in Progress	-	19,879	682	303,976	-	-	-
Transfers to/from held for distribution (within Level 3)	25,636	(22,186)	-	-	-	-	-
Disposals	(3,449)	(4,526)	-	-	-	-	-
Revaluation increase/(decrease)	-	461	193,274	601,700	-	1,842	440
Depreciation expense	-	-	(33,399)	(106,351)	-	(494)	(108)
Impairment loss	-	(3,233)	-	-	-	-	-
Transfers/adjustments	-	(1)	-	22	-	(2)	2
Fair Value at end of period	25,686	3,684,532	1,667,930	6,179,722	9,311	15,668	3,703
Net loss on disposal of non-current assets under 'Carrying amount of disposal of non-current assets' in Note 3.4	-	4,526	-	-	-	-	-

8.3 Fair value measurements (continued)

Valuation processes

Land, buildings and land improvements are measured at fair value on a cyclical basis, consistent with TI 954 Revaluation of Non-Current Physical Assets, issued by the Department of Treasury. The last revaluation for land, buildings and school land improvements was effective for the year ended 30 June 2022. The revaluation of land and buildings was conducted by the Western Australian Land Information Authority (Landgate). The revaluation of school land improvements was conducted by an independent quantity surveyor.

Effective 1 July 2019, the Department reviewed the frequency to revalue land, buildings and school land improvements annually to every 3 years. Any interim revaluations are determined by applying relevant industry indices to determine if fair value adjustments are required. Refer to Note 5.1 for further information.

Transfers in and out of a fair value level are recognised on the date of the event or change in circumstances that caused the transfer. Transfers are generally limited to assets newly classified as non-current assets held for distribution as Treasurer’s Instructions require valuations of land, buildings and land improvements to be categorised within Level 3 where the valuations will utilise significant Level 3 inputs on a recurring basis.

Fair value for existing use specialised buildings including building sub classes

Fair value for existing use specialised buildings is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the depreciated replacement cost. Depreciated replacement cost is the current replacement cost of an asset less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired economic benefit, or obsolescence, and optimisation (where applicable) of the asset. Current replacement cost is generally determined by reference to the market-observable replacement cost of a substitute asset of comparable utility and the gross project size specifications.

Fair value for restricted use land

Fair value for restricted use land is based on comparison with market evidence for land with low level utility (high restricted use land). The relevant comparators of land with low level utility is selected by Landgate (Valuation Services) and represents the application of a significant Level 3 input in this valuation methodology. The fair value measurement is sensitive to values of comparator land, with higher values of comparator land correlating with higher estimated fair values of land.

Significant Level 3 inputs used by the Department are derived and evaluated as follows:

Effective age

The effective age is determined by the Valuation Services for buildings and by the Department’s valuer for the building sub classes, after taking into account factors such as planned routine maintenance, building improvements and upgrades.

Selection of land with restricted utility

Fair value for restricted use land is determined by comparison with market evidence for land with low level utility. Relevant comparators of land with low level utility are selected by Valuation Services.

Percentage rate of add-on cost – buildings and land improvements

Valuation Services has determined that the costs relating to contingencies, headworks and demolitions costs are inherent in the building valuations and therefore should not be added to its valuations. This also applies to the land improvements.

Average installation costs – transportables

The cost of transportation and connection of services determined by the Quantity Surveyor.

Project and professional fees

Project and professional fees which are directly attributable to bringing the asset to the location and condition for use as intended.

9. Other disclosures

This section includes additional material disclosures required by accounting standards or other pronouncements for the understanding of this financial report.

	Note
Events occurring after the end of the reporting period	9.1
Initial application of Australian Accounting Standards	9.2
Future impact of Australian standards not yet operative	9.3
Reclassification of comparatives	9.4
Key management personnel	9.5
Related party transactions	9.6
Affiliated and related bodies	9.7
Special purpose accounts	9.8
Remuneration of auditors	9.9
Services provided free of charge	9.10
Non-current assets classified as held for sale	9.11
Equity	9.12
Supplementary financial information	9.13
Indian Ocean Territories	9.14

9.1 Events occurring after the end of the reporting period

On 31 July 2022 the WA state government announced changes to the WA public sector wages policy, including a 3 per cent wage increase per annum for 2 years and a one-off \$2,500 cost of living payment. For the Department the new WA public sector wages policy impacts one award agreement; the School Education Act Employees’ (Teachers and Administrators) General Agreement 2021. This agreement was subsequently registered with the Western Australian Industrial Relations Commission on 2 August 2022. The Government Sector Labour Relations has advised that the one-off \$2,500 cost of living payment will be provided outside of the agreement.

The financial statements have been prepared based on the previous parameter of the WA public sector wages policy, including the estimated accrued salaries for the salary backpay associated with the School Education Act Employees’ (Teachers and Administrators) General Agreement 2021 effective 6 December 2021 (2.75 per cent per annum over 2 years commencing 6 December 2021). The Department assessed the one-off \$2,500 cost of living payment for the School Education Act Employees’ (Teachers and Administrators) General Agreement 2021 to cost approximately around \$68 million (including superannuation). Other award agreements are not yet finalised and would not have a material financial impact on the 2021–22 financial statements.

9.2 Initial application of Australian Accounting Standards

There were no new Australian Accounting Standards applied during the reporting period.

9.3 Future impact of Australian Accounting Standards not yet operative

The Department cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 Application of Australian Accounting Standards and Other Pronouncements or by an exemption from TI 1101. Where applicable, the Department plans to apply the following Australian Accounting Standards from their application date.

		Operative for reporting periods beginning on/after
AASB 17	Insurance Contracts This Standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts. The Department has not assessed the impact of the Standard.	1 Jan 2023
AASB 2020-1	Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. There is no financial impact.	1 Jan 2023
AASB 2020-3	Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments This Standard amends: (a) AASB 1 to simplify the application of AASB 1; (b) AASB 3 to update a reference to the Conceptual Framework for Financial Reporting; (c) AASB 9 to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability; (d) AASB 116 to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset; (e) AASB 137 to specify the costs that an entity includes when assessing whether a contract will be loss-making; and (f) AASB 141 to remove the requirement to exclude cash flows from taxation when measuring fair value. There is no financial impact.	1 Jan 2022
AASB 2020-6	Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date This Standard amends AASB 101 to defer requirements for the presentation of liabilities in the statement of financial position as current or non-current that were added to AASB 101 in AASB 2020-1. There is no financial impact.	1 Jan 2022
AASB 2021-2	Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates This Standard amends: (a) AASB 7, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements; (b) AASB 101, to require entities to disclose their material accounting policy information rather than their significant accounting policies; (c) AASB 108, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates; (d) AASB 134, to identify material accounting policy information as a component of a complete set of financial statements; and (e) AASB Practice Statement 2, to provide guidance on how to apply the concept of materiality to accounting policy disclosures. There is no financial impact.	1 Jan 2023
AASB 2021-6	Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards This Standard amends: (a) AASB 1049 Whole of Government and General Government Sector Financial Reporting, to require entities to disclose their material accounting policy information rather than their significant accounting policies; (b) AASB 1054 Australian Additional Disclosures, to reflect the updated accounting policy terminology used in AASB 101 Presentation of Financial Statements; and (c) AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities, to require entities to disclose their material accounting policy information rather than their significant accounting policies and to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements. There is no financial impact.	1 Jan 2023
AASB 2021-7	Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections This standard further defers (to 1 January 2025) the amendments to AASB 10 and AASB 128 relating to the sale or contribution of assets between an investor and its associated or joint venture. The standard also includes editorial corrections. There is no financial impact.	1 Jan 2022

9.4 Reclassification of comparatives

The reclassification of comparatives includes the following adjustments:

Reference to tables below	From account	To account	Explanation	Basis of reclassification	Statement of Comprehensive Income Reclassified \$'000	Statement of Cash Flows Reclassified \$'000
(a)	Supplies and services	Employee benefits expense	To account for markers, examiners, supervisors and course material writers expenses as employee benefits expenditure.	Provides more reliable and relevant information	7,453	7,703
(b)	(1) User contributions, charges and fees (2) Other revenue	Income from other public sector entities	Reclassify income of \$13,041 from Revenue (refer below) to Income from other public sector entities (Note 4.1): (1) Note 4.2 User contribution charges and fees \$3,563; and (2) Note 4.5 Other revenue \$9,478.	Treasurer's Instruction 1102	13,041	13,041
(c)	Supplies and services	Accommodation expenses	To account for accommodation expenses as a separate expense classification, previously classified within supplies and services.	Provides more reliable and relevant information	18,174	17,543
(d)	Other revenue	Supplies and services	To account for prior year performance adjustments for workers compensation as discounts to insurance premiums rather than other revenue.	Treasurer's Instruction 1103	10,876	10,876

9.4 Reclassification of comparatives (continued)

Statement of Comprehensive Income (extract)

	2020-21	Reclassification				2020-21
	\$'000	(a)	(b)	(c)	(d)	Reclassified
		\$'000	\$'000	\$'000	\$'000	\$'000
COST OF SERVICES						
Expenses						
Employee benefits expense	4,261,996	7,453	-	-	-	4,269,449
Supplies and services	1,020,651	(7,453)	-	(18,174)	(10,876)	984,148
Depreciation, amortisation and impairment expense	231,621	-	-	-	-	231,621
Accommodation expenses	-	-	-	18,174	-	18,174
Grants and subsidies	50,668	-	-	-	-	50,668
Finance costs	32,207	-	-	-	-	32,207
Other expenses	6,178	-	-	-	-	6,178
Total cost of services	5,603,321	-	-	-	(10,876)	5,592,445
Income						
Revenue						
User contributions, charges and fees	116,451	-	(3,563)	-	-	112,888
Interest revenue	16,543	-	-	-	-	16,543
Other revenue	114,492	-	(9,478)	-	(10,876)	94,138
Australian Government grants and contributions	995,831	-	-	-	-	995,831
Total revenue	1,243,317	-	(13,041)	-	(10,876)	1,219,400
Gains						
Other gains	481,679	-	-	-	-	481,679
Total gains	481,679	-	-	-	-	481,679
Total income other than income from State Government	1,724,996	-	(13,041)	-	(10,876)	1,701,079
NET COST OF SERVICES	3,878,325	-	13,041	-	-	3,891,366
Income from State Government						
Service appropriation	4,305,387	-	-	-	-	4,305,387
Income from other public sector entities	22,407	-	13,041	-	-	35,448
Services received free of charge	17,167	-	-	-	-	17,167
Royalties for Regions Fund	25,636	-	-	-	-	25,636
Total income from State Government	4,370,597	-	13,041	-	-	4,383,638
SURPLUS/(DEFICIT) FOR THE PERIOD	492,272	-	-	-	-	492,272

Statement of Cash Flows (extract)

	2020-21	Reclassification				2020-21
	\$'000	(a)	(b)	(c)	(d)	Reclassified
		\$'000	\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM STATE GOVERNMENT						
Service appropriation	4,087,086	-	-	-	-	4,087,086
Capital contribution	319,821	-	-	-	-	319,821
Holding account draw downs	19,638	-	-	-	-	19,638
Royalties for Regions Fund	38,445	-	-	-	-	38,445
Funds from other public sector entities	19,528	-	13,041	-	-	32,569
Net cash provided by State Government	4,484,518	-	13,041	-	-	4,497,559
Utilised as follows:						
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee benefits expense	(4,179,192)	(7,703)	-	-	-	(4,186,895)
Supplies and services	(1,007,308)	7,703	-	17,543	10,876	(971,186)
Accommodation expenses	-	-	-	(17,543)	-	(17,543)
Grants and subsidies	(48,252)	-	-	-	-	(48,252)
Finance costs	(31,779)	-	-	-	-	(31,779)
GST payments on purchases	(139,922)	-	-	-	-	(139,922)
Loans advanced to non-government schools	(38,807)	-	-	-	-	(38,807)
Other payments	(970)	-	-	-	-	(970)
Receipts						
User contributions, charges and fees	115,528	-	(3,563)	-	-	111,965
Australian Government grants and contributions	1,007,412	-	-	-	-	1,007,412
Interest received	11,236	-	-	-	-	11,236
GST receipts on revenue	5,163	-	-	-	-	5,163
GST receipts from taxation authority	134,378	-	-	-	-	134,378
Repayments of loans by non-government schools	21,725	-	-	-	-	21,725
Other receipts	113,799	-	(9,478)	-	(10,876)	93,445
Net cash used in operating activities	(4,036,989)	-	(13,041)	-	-	(4,050,030)
Net increase/(decrease) in cash and cash equivalents	62,952	-	-	-	-	62,952
Cash and cash equivalents at the beginning of the period	650,522	-	-	-	-	650,522
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	713,474	-	-	-	-	713,474

9.4 Reclassification of comparatives (continued)

3.1.1 Employee benefits expense (extract)

	2020-21	Reclassification				2020-21
	\$'000	(a)	(b)	(c)	(d)	Reclassified \$'000
Salaries and allowances	3,824,384	7,453	-	-	-	3,831,837
Termination benefits	462	-	-	-	-	462
Superannuation - defined contribution plans	380,692	-	-	-	-	380,692
Other employee-related expense	56,458	-	-	-	-	56,458
Total employee benefits expense	4,261,996	7,453	-	-	-	4,269,449
Add: AASB 16 Non-monetary benefits (not included in employee benefits expense)	20,311	-	-	-	-	20,311
Less: Employee contributions (per the statement of comprehensive income)	(17,257)	-	-	-	-	(17,257)
Net employee benefits	4,265,050	7,453	-	-	-	4,272,503

3.3 Supplies and services and accommodation expenses (extract)

	2020-21	Reclassification				2020-21
	\$'000	(a)	(b)	(c)	(d)	Reclassified \$'000
Supplies and services						
Communication services	25,267	-	-	-	-	25,267
Consumables - other	4,319	-	-	-	-	4,319
Consumables - utilities	76,980	-	-	-	-	76,980
Equipment purchases (\$4,999 and below)	7,457	-	-	-	-	7,457
Insurance	70,629	-	-	-	(10,876)	59,753
Minor works	135,729	-	-	-	-	135,729
PPP - School maintenance costs	10,055	-	-	-	-	10,055
Repairs and maintenance	132,153	-	-	-	-	132,153
Service and contracts	174,764	(7,453)	-	-	-	167,311
Service and contracts - property	34,723	-	-	(18,174)	-	16,549
Staff-related expense	4,462	-	-	-	-	4,462
Travel	8,843	-	-	-	-	8,843
Schools expenses	329,341	-	-	-	-	329,341
Other	5,929	-	-	-	-	5,929
Total supplies and services expenses	1,020,651	(7,453)	-	(18,174)	(10,876)	984,148
Accommodation expenses						
Office rental	-	-	-	15,989	-	15,989
Other accommodation expenses	-	-	-	2,185	-	2,185
Total accommodation expenses	-	-	-	18,174	-	18,174

4.1 Income from other public sector entities (extract)

	2020-21	Reclassification				2020-21
	\$'000	(a)	(b)	(c)	(d)	Reclassified \$'000
<u>Income received from other public sector entities during the period:</u>						
Income from other public sector entities						
Department of Communities	2,143	-	-	-	-	2,143
Department of Health	-	-	400	-	-	400
Department of Fire and Emergency Services	132	-	-	-	-	132
Department of Jobs, Tourism, Science and Innovation	502	-	-	-	-	502
Department of Local Government, Sport and Cultural Industries	37	-	-	-	-	37
Department of Primary Industries and Regional Development	4	-	-	-	-	4
Department of Training and Workforce Development	1,557	-	3,563	-	-	5,120
Department of Treasury	13,886	-	-	-	-	13,886
Department of Water and Environmental Regulation	100	-	-	-	-	100
Insurance Commission of Western Australia	-	-	6,785	-	-	6,785
Lotterywest	-	-	-	-	-	-
Mental Health Commission	1,540	-	2,135	-	-	3,675
Western Australia Police Force	1,671	-	-	-	-	1,671
Miscellaneous	835	-	158	-	-	993
Total income from other public sector entities	22,407	-	13,041	-	-	35,448

4.2 User contributions, charges and fees (extract)

	2020-21	Reclassification				2020-21
	\$'000	(a)	(b)	(c)	(d)	Reclassified \$'000
<u>Schools</u>						
Contributions, charges and fees	97,145	-	(3,563)	-	-	93,582
	97,145	-	(3,563)	-	-	93,582
<u>Central Office</u>						
Agricultural schools fees	4,105	-	-	-	-	4,105
Other charges and fees	15,201	-	-	-	-	15,201
	19,306	-	-	-	-	19,306
Total user contributions, charges and fees	116,451	-	(3,563)	-	-	112,888

9.4 Reclassification of comparatives (continued)

4.5 Other revenue (extract)

	2020-21	Reclassification				2020-21
	\$'000	(a)	(b)	(c)	(d)	Reclassified
		\$'000	\$'000	\$'000	\$'000	\$'000
<u>Schools</u>						
Bookshops and canteens	5,125	-	-	-	-	5,125
Donations to schools	18,941	-	-	-	-	18,941
Hire of facilities	1,862	-	-	-	-	1,862
Lease income	8,018	-	-	-	-	8,018
Other revenue	18,513	-	(3,592)	-	-	14,921
Total other revenue - Schools	52,459	-	(3,592)	-	-	48,867
<u>Capital contributions and recoveries</u>						
Developer contributions	5,789	-	-	-	-	5,789
	5,789	-	-	-	-	5,789
<u>Other</u>						
Recoveries and refunds	20,026	-	(3,347)	-	(10,876)	5,803
Sale of goods and services	17,036	-	(2,539)	-	-	14,497
Employee rental contributions	17,257	-	-	-	-	17,257
Other miscellaneous revenue	1,925	-	-	-	-	1,925
	56,244	-	(5,886)	-	(10,876)	39,482
Total other revenue - Central office	62,033	-	(5,886)	-	(10,876)	45,271
Total other revenue	114,492	-	(9,478)	-	(10,876)	94,138

7.5.3 Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities (extract)

	2020-21	Reclassification				2020-21
	\$'000	(a)	(b)	(c)	(d)	Reclassified
		\$'000	\$'000	\$'000	\$'000	\$'000
Reconciliation of net cost of services to net cash flows used in operating activities						
Net cost of services	(3,878,325)	-	(13,041)	-	-	(3,891,366)
<u>Non-cash Items</u>						
Depreciation expense	227,403	-	-	-	-	227,403
Amortisation expense	985	-	-	-	-	985
Impairment expense	3,233	-	-	-	-	3,233
Resources received free of charge	17,167	-	-	-	-	17,167
Expected credit losses expense	1,710	-	-	-	-	1,710
Loss on disposal of non-current assets	3,499	-	-	-	-	3,499
Asset revaluation increment	(481,679)	-	-	-	-	(481,679)
Adjustment for other non-cash items	(6,454)	-	-	-	-	(6,454)
<u>(Increase)/decrease in assets</u>						
Current receivables	4,696	-	-	-	-	4,696
Current inventories	(1,110)	-	-	-	-	(1,110)
Other current assets	(2,328)	-	-	-	-	(2,328)
Non-current receivables	(19,442)	-	-	-	-	(19,442)
<u>Increase/(decrease) in liabilities</u>						
Provisions	81,873	-	-	-	-	81,873
Current payables and other liabilities	11,958	-	-	-	-	11,958
Non-current payables	558	-	-	-	-	558
Net GST receipts/(payments)	(381)	-	-	-	-	(381)
Change in GST in receivables and payables	(352)	-	-	-	-	(352)
Net cash used in operating activities	(4,036,989)	-	(13,041)	-	-	(4,050,030)

9.5 Key management personnel

The Department has determined that key management personnel include Ministers and senior officers of the Department. However, the Department is not obligated to compensate Ministers and therefore disclosures in relation to Ministers' compensation may be found in the Annual Report on State Finances.

Total compensation (total fees, salaries, superannuation, non-monetary and other benefits) for senior officers of the Department for the reporting period are presented within the following bands:

Compensation band (\$)	2021-22	2020-21
\$540,001 - \$550,000	1	-
\$530,001 - \$540,000	-	1
\$410,001 - \$420,000	1	-
\$360,001 - \$370,000	1	-
\$350,001 - \$360,000	1	-
\$340,001 - \$350,000	-	1
\$330,001 - \$340,000	1	-
\$310,001 - \$320,000	-	1
\$300,001 - \$310,000	-	1
\$280,001 - \$290,000	-	1
\$260,001 - \$270,000	-	2
\$240,001 - \$250,000	-	1
\$230,001 - \$240,000	4	2
\$220,001 - \$230,000	5 ^(a)	2
\$210,001 - \$220,000	5 ^(a)	-
\$200,001 - \$210,000	1 ^(a)	1
\$190,001 - \$200,000	1 ^(a)	1 ^(a)
\$160,001 - \$170,000	1 ^(a)	1 ^(a)
\$150,001 - \$160,000	-	1 ^(a)
\$140,001 - \$150,000	-	2 ^(a)
\$130,001 - \$140,000	-	1 ^(a)
\$120,001 - \$130,000	-	1 ^(a)
\$110,001 - \$120,000	-	2 ^(a)
\$90,001 - \$100,000	-	3 ^(a)
\$80,001 - \$90,001	1 ^(a)	-
\$60,001 - \$70,000	-	1 ^(a)
\$50,001 - \$60,000	1 ^(a)	1 ^(a)
\$40,001 - \$50,000	1 ^(a)	2 ^(a)
\$30,001 - \$40,000	1 ^(a)	-
\$0 - \$10,000	-	1 ^(a)
	2021-22	2020-21
	\$'000	\$'000
Short-term employee benefits	5,272	4,929
Post employment benefits	569	541
Other long-term benefits	94	11
Total compensation of senior officers	5,935	5,481

(a) Includes senior officers where period of service is less than 12 months.

Total compensation includes the superannuation expense incurred by the Department in respect of senior officers.

9.6 Related party transactions

The Department is a wholly owned and controlled entity of the State of Western Australia. In conducting its activities, the Department is required to pay various taxes and levies based on the standard terms and conditions that apply to all tax and levy payers to the State and entities related to the State.

Related parties of the Department include:

- all Ministers and their close family members, and their controlled or jointly controlled entities;
- all senior officers and their close family members, and their controlled or jointly controlled entities;
- other departments and public sector entities, including related bodies included in the whole of government consolidated financial statements; and
- associates and joint ventures, that are included in the whole of government consolidated financial statements.

Significant transactions with government related entities

In conducting its activities, the Department is required to transact with the State and entities related to the State. These transactions are generally based on the standard terms and conditions that apply to all agencies. Such transactions include:

- income from State Government (note 4.1);
- equity contributions (note 9.12);
- insurance payments to the Insurance Commission of Western Australia and RiskCover Fund (note 3.3);
- GROH payments to the Department of Communities (note 3.1.1);
- borrowings and repayments from/to Western Australian Treasury Corporation (WATC) (note 7.1);
- building works, maintenance and leasing payments to the Department of Finance (note 3.3 and 5.2);
- land acquisition payments to the Department of Justice (note 5.1);
- services provided free of charge to other State government agencies (note 9.10);
- services received free of charge from other State government agencies (note 4.1);
- student health services payments to the Department of Health (note 3.1.1);
- student transportation service payments to the Public Transport Authority (note 3.3);
- remuneration for services provided by the Auditor General (note 9.9); and
- other payments to Department of Planning, Lands and Heritage, Water Corporation, Mental Health Commission, and Western Australia Police Force (note 3.1.1, 3.2 and 3.3).

Material transactions with related parties

During the reporting period, other than superannuation payments to GESB and general citizen transactions, there was one related party of a Minister that has provided consulting services to a range of schools to a total value of \$75,000 of which \$20,000 was outstanding at the end of the reporting period.

9.7 Affiliated and related bodies

The following are affiliated bodies that received operational support from the Department. They are not subject to operational control by the Department.

	2021-22 \$'000	2020-21 Reclassified \$'000
Community kindergartens	4,335	4,873
Non-Government Schools Planning Advisory Panel	86	4
Non-Government School Registration Advisory Panel	1	-
Rural and Remote Education Advisory Council	10	152
School Curriculum and Standards Authority*	36,545	35,271
Western Australian Higher Education Council	10	15
Total Affiliated bodies	40,987	40,315

* Refinement to the cost allocation for employee benefits in the services received free of charge from the Department of Education resulted in 2020-21 change to \$35.271 million from \$36.865 million.

The Department had nil related bodies during the financial year.

9.8 Special purpose accounts

Teacher Registration Board of Western Australia Account

The purpose of this account is to hold funds received under section 115(3) of the *Teacher Registration Act 2012* (WA) for the payment of costs and expenses incurred in the performance of the functions of the Teacher Registration Board of Western Australia (TRBWA).

The special purpose account was established pursuant to section 16(1)(b) of the *Financial Management Act 2006* (WA).

	2021-22 \$'000	2020-21 \$'000
Balance at start of period	8,880	9,547
Receipts	7,021	6,395
Payments	(7,345)	(7,062)
Balance at end of period	8,556	8,880

Student Residential Colleges Fund

The Student Residential Colleges Fund is a Department special purpose account under the *Financial Management Act 2006* (WA) section 16(1)(b).

	2021-22 \$'000	2020-21 \$'000
Balance at start of period	1,266	(2,290)
Receipts	18,581	22,709
Payments	(18,504)	(19,153)
Balance at end of period	1,343	1,266

9.8 Special purpose accounts (continued)

Student scholarship accounts

The Department manages the following special purpose accounts in a trustee capacity. The funds are restricted in that they can only be used in accordance with the conditions of the accounts. These are not included in the Financial Statements.

Special Purpose Account		2021-22			2020-21			
		Balance at start of period \$	Receipts \$	Payments \$	Balance at end of period \$	Balance at start of period \$	Receipts \$	Payments \$
1	Olive A Lewis Scholarship	5,236	13,500	14,000	4,736	4,736	25,000	24,500
2	Scholarship - Council of War Service Land Settlers Association	1,068	4	-	1,072	1,064	4	-
3	John Henry Kendall	1,187	4	-	1,191	1,183	4	-
4	Margueretta Wilson Scholarship	3,327	12	-	3,339	3,314	13	-
5	Perth Girls Memorial Scholarship	69,627	245	14,000	55,872	86,314	313	17,000
6	Sir Thomas Coombe Scholarship	127,211	457	-	127,668	126,733	478	-
7	Margery Bennett Prize	1,430	5	-	1,435	1,425	5	-
8	W J Reid Memorial Prize	8,720	31	-	8,751	8,687	33	-
9	James and Rose Coombe Scholarships	250	17,700	17,700	250	250	32,000	32,000
10	Perth Boys Memorial Scholarship	7,962	18	3,000	4,980	10,923	1,539	4,500
11	Roy Grace English Scholarship	-	2,000	2,000	-	-	1,000	1,000
12	James A Heron Memorial Prize	11,408	40	1,000	10,448	12,362	46	1,000
13	Ernest Smith Memorial Prize for English	2,860	10	-	2,870	2,849	11	-
14	Bentley Senior High School Memorial Scholarship	15,440	54	1,000	14,494	16,379	61	1,000
15	Elaine Nora Walker Scholarships	95,883	340	4,000	92,223	99,511	372	4,000
16	William Samuel Bequest	1,624	6	100	1,530	1,718	6	100
17	Howard Porter Memorial Prize for Good Citizenship	2,355	8	100	2,263	2,446	9	100
18	Ian Bremner Memorial Scholarship	41,705	146	2,000	39,851	43,544	161	2,000
19	Catherine and Ernest Bennett Memorial Scholarship	29,800	107	1,000	28,907	30,187	113	500
20	Laurence Armstrong Scholarship	388,903	20,383	-	409,286	375,371	13,532	-
21	Rural Boarding Scholarship	24,146	87	-	24,233	24,055	91	-
Totals		840,142	55,157	59,900	835,399	853,051	74,791	87,700

Purpose of special purpose accounts

- 1. Olive A Lewis Scholarship Trust Account**

To hold funds received from the Trustees of the Olive A Lewis Scholarship Trust pending payment of scholarships to students of ability whose further education might otherwise be restricted by virtue of financial need.
- 2. Scholarship – Council of War Service Land Settlers Association Trust Account**

To hold funds for the purpose of providing an annual prize and runner-up award for the students of residential agricultural schools.
- 3. John Henry Kendall Trust Account**

To hold and invest moneys bequeathed for the purpose of providing funds for the purchase and supply of books to the North Merredin Primary School library.
- 4. Margueretta Wilson Scholarship Trust Account**

To hold the foundation money for the purpose of making available an annual scholarship to a Year 9 student at Collie Senior High School.

- 5. Perth Girls Memorial Scholarship Trust Account**

To hold moneys for the purpose of awarding scholarships to a girl or girls attending a public secondary school in the metropolitan area.
- 6. Sir Thomas Coombe Scholarship Trust Account**

To hold the money bequeathed for the purpose of awarding scholarships to male students of ability who for financial reasons would otherwise be unable to carry on to attempt to achieve a Western Australian Certificate of Education.
- 7. Margery Bennett Prize Trust Account**

To hold moneys for the purpose of awarding a cash prize on a biennial rotation basis to an Aboriginal tertiary student in a teacher education program or an Aboriginal Education Worker in Western Australia.
- 8. W J Reid Memorial Prize Trust Account**

To hold and invest moneys donated for the purpose of awarding an annual prize to a student from Carine Senior High School who displays social maturity, confidence, poise, involvement in student and/or community affairs, and above average scholastic development.

9.8 Special purpose accounts (continued)

9. James and Rose Coombe Scholarship Trust Account

To hold and invest money bequeathed for the purpose of awarding cash prizes for public country school students who are in need of financial assistance to complete a high school education.

10. Perth Boys Memorial Scholarship Trust Account

To hold moneys for the purpose of awarding scholarships to a boy or boys attending a public secondary school in the metropolitan area.

11. Roy Grace English Scholarship Trust Account

To hold the foundation money for the purpose of making an annual cash award available to a student at the end of both Years 10 and 11 who is attending a public secondary school and who demonstrates exceptional ability in the area of English.

12. James A Heron Memorial Prize Trust Account

To hold the foundation money for the purpose of awarding a cash prize to a student residing in the Fremantle district who is proceeding to take a Western Australian Certificate of Education course at any recognised high school.

13. Ernest Smith Memorial Prize for English Trust Account

To hold and invest moneys donated for the purpose of awarding an annual prize to the best student in English at North Perth Primary School.

14. Bentley Senior High School Memorial Scholarship

To hold and invest moneys for the purpose of awarding scholarships based on academic merit to students of Kent Street Senior High School, Como Secondary College or Cannington Community College.

15. Elaine Nora Walker Scholarship Trust Fund

To hold and invest moneys bequeathed for the purpose of providing annual scholarships to assist one male and one female student to continue their education in an institution governed by the Department of Education.

16. William Samuel Bequest Trust Account

To hold and invest the bequest money for the purpose of awarding a boy from White Gum Valley Primary School a cash prize based on all-round efficiency in sport and school work.

17. Howard Porter Memorial Prize for Good Citizenship Trust Account

To hold the bequest money for the purpose of awarding an annual prize for good citizenship to a female student at White Gum Valley Primary School.

18. Ian Bremner Memorial Scholarship Trust Account

To hold moneys for the purpose of providing an annual scholarship to the most successful student at Cowaramup Primary School.

19. Catherine and Ernest Bennett Memorial Scholarship Trust Account

To hold moneys for the purpose of providing an annual scholarship to the successful Year 10 student who is continuing on with Year 11 studies at Lake Grace District High School.

20. Laurence Armstrong Scholarship Trust Account

To hold and manage funds for the purpose of funding scholarships for students of the Northam Senior High School in accordance with terms and conditions of the Laurence Armstrong Will.

21. Rural Boarding Scholarship

To hold security monies deposited by scholarship holders. On completion of a teaching qualification, the funds in the trust account will be refunded to the successful scholarship recipient.

9.9 Remuneration of auditors

Remuneration paid or payable to the Auditor General in respect of the audit for the current financial year is as follows:

	2021-22 \$'000	2020-21 \$'000
Remuneration payable to the Auditor General in respect of the audit for the current financial year is as follows:		
Auditing the accounts, financial statements and key performance indicators	635	585

These amounts are due and payable in the next financial year.

The expenses for the 2021-22 audit of the financial statements is included in note 3.3 'Other Expenditures'.

9.10 Services provided free of charge

During the period the following services were provided to other agencies free of charge for functions outside the normal operations of the Department:

- Marketing and publications
 - Delivery support systems - wide area network
 - College management information systems support
 - Accounting services
 - Asset and building management services
- Industrial relations support
 - Lease costs
 - Outgoings
 - School census information
 - Administration support

	2021-22 \$'000	2020-21 Reclassified \$'000
Department of Finance	21	23
Department of Health	1,098	1,007
South Regional TAFE	97	96
Western Australia Police Force	52	-
North Regional TAFE	1	4
North Metropolitan TAFE	-	1
Department of the Premier and Cabinet	-	70
Department of Communities	6	14
Department of Justice	2	3
Public Sector Commission	-	-
Commissioner for Children and Young People	2	2
Office of the Inspector of Custodial Services	-	2
Trustees of the Public Education Endowment	14	21
School Curriculum and Standards Authority*	36,545	35,271
	37,838	36,514

* Refinement to the cost allocation for employee benefits in the services received free of charge from the Department of Education resulted in 2020-21 change to \$35.27 million from \$36.87 million.

9.11 Non-current assets classified as held for sale

The following table represents a summary of assets held for sale:

	2021-22 \$'000	2020-21 \$'000
<u>Opening balance</u>		
Land and buildings	25,686	3,499
Write-down from cost to fair value less selling costs	-	-
	25,686	3,499
<u>Add: Assets reclassified as held for distribution</u>		
Land and buildings ^(a)	571	25,636
Write-down from cost to fair value less selling costs	-	-
	571	25,636
<u>Total assets classified as held for distribution</u>		
Land and buildings	26,257	29,135
Write-down from cost to fair value less selling costs	-	-
	26,257	29,135
<u>Less: Assets sold or distributed to owner</u>		
Land and buildings	238	3,449
Write-down from cost to fair value less selling costs	-	-
	238	3,449
<u>Closing balance</u>		
Land and buildings	26,019	25,686
Write-down from cost to fair value less selling costs	-	-
Total non-current assets classified as assets held for sale at end of period	26,019	25,686

(a) In 2021-22 land and buildings, surplus to the Department's requirements, and with a fair value of \$0.57 million were transferred to land and buildings held for distribution to owner mainly comprising:

- Portion of Padbury Primary School \$0.14 million;
- 16 Hillside Road, Harvey \$0.16 million; and
- Various other properties \$0.27 million.

Non-current assets (or disposal groups) held for sale/distribution to owner are recognised at the lower of carrying amount and fair value less costs to sell, and are disclosed separately from other assets in the Statement of Financial Position. Assets classified as held for distribution are not depreciated or amortised.

Non-current assets held for distribution comprise surplus Crown and freehold land 'held for sale' and buildings to be disposed of by the Department as a distribution to owner. All Crown land holdings are vested in the Department by the Government. The Department of Planning, Lands and Heritage (DPLH) is the only agency with the power to sell Crown land. The Department transfers the Crown land and any attached buildings to DPLH when the land becomes available for sale.

The Department has the power to sell freehold land, however cannot retain revenues derived from the sale unless specifically approved for retention by the Treasurer.

9.12 Equity

	2021-22 \$'000	2020-21 Reclassified \$'000
Contributed equity		
Balance at start of period	14,883,793	14,557,656
<u>Contributions by owners</u>		
Capital appropriation	357,345	319,821
Transfer of net assets from other agencies:		
Buildings from Department of Training and Workforce Development	192	-
Land from the Department of Communities	79	-
Land from the Western Australian Planning Commission	2,350	-
Land from the Department of Planning, Lands and Heritage	29,500	-
	32,121	-
<u>Other contributions by owners</u>		
Royalties for Regions Fund	5,106	12,810
Total contributions by owners	15,278,365	14,890,287
<u>Distributions to owners</u>		
Transfer of net assets to Government:		
Crown land transferred to Department of Planning, Lands and Heritage	(238)	(1,076)
Sale of land proceeds transferred to Department of Treasury	-	(2,860)
Transfer of ICT intangibles asset to School Curriculum and Standards Authority	(156)	(2,558)
Total distributions to owner	(394)	(6,494)
Total contributed equity at end of period	15,277,971	14,883,793
Reserves		
<u>Asset revaluation surplus/(deficit)</u>		
Balance at start of period	316,038	-
Net revaluation increment/(decrement)		
Land	331,244	461
Buildings and land improvements	1,101,717	315,577
Total net revaluation increment/(decrement)	1,432,961	316,038
Total asset revaluation surplus/(deficit) at end of period	1,748,999	316,038
Accumulated surplus		
Balance at start of the year	(159,109)	(651,381)
Result for the period	(3,882)	492,272
Total accumulated surplus at end of period	(162,991)	(159,109)
Total equity at end of the period	16,863,979	15,040,722

9.13 Supplementary financial information

	2021–22 \$'000	2020–21 \$'000
Write-offs		
<u>Accounts Receivable</u>		
During the financial year, \$5,137,236 (2020–21: \$4,924,990) of Accounts Receivable was written off under the authority of:		
Accountable Authority	5,137	4,925
	5,137	4,925
Losses through theft, defaults and other causes		
Losses of public money and other property through theft or default	114	74
Amounts recovered	-	-
	114	74

The dollar amount allocated to Losses of public money and other property through theft or default is an estimate as some of the cases are still under investigation and/or the actual loss incurred is not able to be quantified.

9.14 Indian Ocean Territories

	2021–22 \$'000	2020–21 \$'000
<u>Reconciliation of Australian Government funds received and expended for the Indian Ocean Territories</u>		
Balance at start of period	1,427	925
Receipts	16,352	16,029
Payments	(15,857)	(15,527)
Balance at end of period	1,922	1,427

10. Explanatory statements

This section explains variations in the financial performance of the Department.

	Note
Explanatory statement for controlled operations	10.1
Explanatory statement for administered items	10.2

10.1 Explanatory statement for controlled operations

This explanatory section explains variations in the financial performance of the Department undertaking transactions under its own control, as represented by the primary financial statements.

All variances between annual estimates (original budget) and actual results for 2022, and between the actual results for 2022 and 2021 are shown below. Narratives are provided for key major variances which are greater than 10% and 1% of Total Cost of Services based on the lower of the estimate or the prior year actual for the Statement of Comprehensive Income and Statement of Cash Flows (i.e. \$55.92 million being 1% of \$5,592.45 million), and are greater than 10% and 1% of Total Assets based on the lower of the estimate or the prior year actual for the Statement of Financial Position (i.e. \$168.34 million being 1% of \$16,833.56 million).

10.1.1 Statement of comprehensive income variances

	Estimate 2021–22 \$'000	Actual 2021–22 \$'000	Actual 2020–21 \$'000	Variance					
				Variance between estimate and actual			Variance between actual results for 2022 and 2021		
				\$'000	%	Note	\$'000	%	Note
COST OF SERVICES									
Expenses									
Employee benefits expense	4,328,434	4,474,829	4,269,449	146,395	3%		205,380	5%	
Supplies and services	993,550	983,222	984,148	(10,328)	(1%)		(926)	(0%)	
Depreciation and amortisation expense	230,545	268,526	231,621	37,981	16%		36,905	16%	
Accommodation expenses	15,605	17,366	18,174	1,761	11%		(808)	(4%)	
Grants and subsidies	19,913	34,261	50,668	14,348	72%		(16,407)	(32%)	
Finance costs	32,567	34,929	32,207	2,362	7%		2,722	8%	
Other expenses	8,402	9,343	6,178	941	11%		3,165	51%	
Total cost of services	5,629,016	5,822,476	5,592,445	193,460	3%		230,031	4%	
Income									
Revenue									
User contributions, charges and fees	143,215	119,261	112,888	(23,954)	(17%)		6,373	6%	
Other revenue	95,698	104,431	94,138	8,733	9%		10,293	11%	
Australian Government grants and contributions	1,084,042	1,140,176	995,831	56,134	5%		144,345	14%	A
Interest revenue	22,877	20,102	16,543	(2,775)	(12%)		3,559	22%	
Total Revenue	1,345,832	1,383,970	1,219,400	38,138	3%		164,570	13%	
Gains									
Other gains	-	-	481,679	-	100%		(481,679)	100%	B
Total gains	-	-	481,679	-	100%		(481,679)	100%	
Total income other than income from State Government	1,345,832	1,383,970	1,701,079	38,138	3%		(317,109)	(19%)	
NET COST OF SERVICES	4,283,184	4,438,506	3,891,366	155,322	4%		547,140	14%	
Income from State Government									
Service appropriation	4,268,506	4,375,333	4,305,387	106,827	3%		69,946	2%	
Income from other public sector entities	19,933	16,204	35,448	(3,729)	(19%)		(19,244)	(54%)	
Services received free of charge	15,597	14,947	17,167	(650)	(4%)		(2,220)	(13%)	
Royalties for Regions Fund	28,942	28,140	25,636	(802)	(3%)		2,504	10%	
Total income from State Government	4,332,978	4,434,624	4,383,638	101,646	2%		50,986	1%	
SURPLUS/(DEFICIT) FOR THE PERIOD	49,794	(3,882)	492,272	(53,676)	(108%)		(496,154)	(101%)	
OTHER COMPREHENSIVE INCOME									
Items not reclassified subsequently to profit or loss									
Changes in asset revaluation surplus	-	1,432,961	316,038	1,432,961	100%	1	1,116,923	100%	C
Total other comprehensive income	-	1,432,961	316,038	1,432,961	100%		1,116,923	100%	
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	49,794	1,429,079	808,310	1,379,285	2770%		620,769	(77%)	

10.1.2 Statement of financial position variances

	Estimate 2021–22 \$'000	Actual 2021–22 \$'000	Actual 2020–21 \$'000	Variance					
				Variance between estimate and actual			Variance between actual results for 2022 and 2021		
				\$'000	%	Note	\$'000	%	Note
ASSETS									
Current Assets									
Cash and cash equivalents	541,897	513,463	607,803	(28,434)	(5%)		(94,340)	(16%)	
Restricted cash and cash equivalents	34,109	39,196	26,102	5,087	15%		13,094	50%	
Amounts receivable for services	25,164	26,623	18,943	1,459	6%		7,680	41%	
Inventories	6,442	8,590	7,552	2,148	33%		1,038	14%	
Receivables	75,294	94,567	80,430	19,273	26%		14,137	18%	
Other current assets	8,411	23,518	13,091	15,107	180%		10,427	80%	
Non-current assets classified as assets held for sale	49	26,019	25,686	25,970	53000%		333	1%	
Total Current Assets	691,366	731,976	779,607	40,610	6%		(47,631)	(6%)	
Non-Current Assets									
Restricted cash and cash equivalents	97,858	91,131	79,569	(6,727)	(7%)		11,562	15%	
Receivables	338,447	327,797	317,639	(10,650)	(3%)		10,158	3%	
Amounts receivable for services	3,531,837	3,611,673	3,318,953	79,836	2%		292,720	9%	
Property, plant and equipment	12,282,168	13,648,921	11,994,070	1,366,753	11%	2	1,654,851	14%	D
Service concession assets	30,631	31,539	29,218	908	100%		2,321	8%	
Right-of-use assets	313,520	360,664	313,153	47,144	15%		47,511	15%	
Intangible assets	4,483	1	1,346	(4,482)	(100%)		(1,345)	(100%)	
Total Non-Current Assets	16,598,944	18,071,726	16,053,948	1,472,782	9%		2,017,778	13%	
TOTAL ASSETS	17,290,310	18,803,702	16,833,555	1,513,392	9%		1,970,147	12%	
LIABILITIES									
Current Liabilities									
Payables	158,087	183,123	139,742	25,036	16%		43,381	31%	
Borrowings	41,535	39,436	37,896	(2,099)	(5%)		1,540	4%	
Lease liabilities	23,573	39,826	26,128	16,253	69%		13,698	52%	
Employee related provisions	623,078	686,432	653,916	63,354	10%		32,516	5%	
Other provisions	-	8,220	19	8,220	100%		8,201	43,163%	
Other current liabilities	14,268	38,702	18,227	24,434	171%		20,475	112%	
Total Current Liabilities	860,541	995,739	875,928	135,198	16%		119,811	14%	
Non-Current Liabilities									
Payables	1,004	2,071	1,562	1,067	106%		509	33%	
Borrowings	358,123	349,132	342,801	(8,991)	(3%)		6,331	2%	
Lease liabilities	334,276	342,291	322,707	8,015	2%		19,584	6%	
Employee related provisions	246,290	246,810	246,444	520	0%		366	0%	
Other provisions	264	3,680	3,391	3,416	1294%		289	9%	
Other current liabilities	4,553	-	-	(4,553)	(100%)		-	0%	
Total Non-Current Liabilities	944,510	943,984	916,905	(526)	(0%)		27,079	3%	
TOTAL LIABILITIES	1,805,051	1,939,723	1,792,833	134,672	7%		146,890	8%	
NET ASSETS	15,485,259	16,863,979	15,040,722	1,378,720	9%		1,823,257	12%	
EQUITY									
Contributed equity	15,225,108	15,277,971	14,883,793	52,863	0%		394,178	3%	
Reserves	-	1,748,999	316,038	1,748,999	100%		1,432,961	100%	
Accumulated surplus/(deficit)	260,151	(162,991)	(159,109)	(423,142)	(163%)		(3,882)	2%	
TOTAL EQUITY	15,485,259	16,863,979	15,040,722	1,378,720	9%		1,823,257	12%	

10.1.3 Statement of cash flows variances

	Estimate 2021–22 \$'000	Actual 2021–22 \$'000	Actual 2020–21 \$'000	Variance					
				Variance between estimate and actual			Variance between actual results for 2022 and 2021		
				\$'000	%	Note	\$'000	%	Note
CASH FLOWS FROM STATE GOVERNMENT									
Service Appropriation	4,036,980	4,064,907	4,087,086	27,927	1%		(22,179)	(1%)	
Capital Contribution	351,752	357,345	319,821	5,593	2%		37,524	12%	
Holding Account Draw Downs	12,422	10,026	19,638	(2,396)	(19%)		(9,612)	(49%)	
Royalties for Regions Fund	34,759	33,246	38,445	(1,513)	(4%)		(5,199)	(14%)	
Funds from other public sector entities	19,933	12,656	32,569	(7,277)	(37%)		(19,913)	(61%)	
Net cash provided by State Government	4,455,846	4,478,180	4,497,559	22,334	1%		(19,379)	(0%)	
Utilised as follows:									
CASH FLOWS FROM OPERATING ACTIVITIES									
Payments									
Employees benefits	(4,310,580)	(4,398,217)	(4,186,895)	(87,637)	2%		(211,322)	5%	
Supplies and services	(977,949)	(965,483)	(971,186)	12,466	(1%)		5,703	(1%)	
Accommodation expenses	(15,605)	(18,339)	(17,543)	(2,734)	18%		(796)	5%	
Grants and subsidies	(19,913)	(32,557)	(48,252)	(12,644)	63%		15,695	(33%)	
Finance costs	(32,567)	(32,419)	(31,779)	148	(0%)		(640)	2%	
GST payments on purchases	(151,936)	(145,635)	(139,922)	6,301	(4%)		(5,713)	4%	
Loans advanced to non-government schools	(57,100)	(49,852)	(38,807)	7,248	(13%)		(11,045)	28%	
Other payments	-	(294)	(970)	(294)	0%		676	(70%)	
Receipts									
User contributions, charges and fees	139,644	108,981	111,965	(30,663)	(22%)		(2,984)	(3%)	
Australian Governments grants and contributions	1,095,300	1,153,525	1,007,412	58,225	5%		146,113	15%	E
Interest received	17,281	10,423	11,236	(6,858)	(40%)		(813)	(7%)	
GST receipts on revenue	-	5,041	5,163	5,041	100%		(122)	(2%)	
GST receipts from taxation authority	151,837	136,801	134,378	(15,036)	(10%)		2,423	2%	
Repayments of loans by non-government schools	38,247	41,980	21,725	3,733	10%		20,255	93%	
Other receipts	95,608	103,648	93,445	8,040	8%		10,203	11%	
Net cash used in operating activities	(4,027,733)	(4,082,397)	(4,050,030)	(54,664)	1%		(32,367)	1%	
CASH FLOW FROM INVESTING ACTIVITIES									
Payments									
Purchase of non-current assets	(449,472)	(430,850)	(366,758)	18,622	(4%)		(64,092)	17%	F
Receipts									
Receipts from sale of non-current physical assets	-	398	2,984	398	100%		(2,586)	(87%)	
Net cash used in investing activities	(449,472)	(430,452)	(363,774)	19,020	(4%)		(66,678)	18%	
CASH FLOW FROM FINANCING ACTIVITIES									
Payments									
Payment lease liabilities	(38,186)	(42,887)	(37,775)	(4,701)	12%		(5,112)	14%	
Repayment of borrowings	(75,171)	(41,980)	(21,725)	33,191	(44%)		(20,255)	93%	
Receipts									
Proceeds from borrowings	94,023	49,852	38,697	(44,171)	(47%)		11,155	29%	
Net cash used in financing activities	(19,334)	(35,015)	(20,803)	(15,681)	81%		(14,212)	68%	
Net increase/(decrease) in cash and cash equivalents	(40,693)	(69,684)	62,952	(28,991)	71%		(132,636)	(211%)	
Cash and cash equivalents at the beginning of the period	714,557	713,474	650,522	(1,083)	(0%)		62,952	10%	
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	673,864	643,790	713,474	(30,074)	(4%)		(69,684)	(10%)	

10.1.4 Major Variance Narratives

Variances between estimate and actual
Statement of Comprehensive Income

- 1 Following a revaluation of the Department’s land, land improvements and buildings, the value of these assets increased by \$1.43 billion in 2021–22.

Statement of Financial Position

- 2 Property, plant and equipment was \$1.37 billion (11%) higher than the 2020–21 Estimate mainly due to the \$1.43 billion higher valuation of land, land improvements and buildings in 2021–22.

Variances between actual results for 2021–22 and 2020–21

Statement of Comprehensive Income

- A Australian Governments grants and contributions were \$144.35 million (14%) higher than the 2020–21 Actual, mainly due to additional Quality Schools funding received under the National School Reform Agreement during the year.

- B Refer to Note 4.6 “Other gains” of the financial statements.

- C Refer to Note 9.12 “Equity” of the financial statements.

Statement of Financial Position

- D Property, plant and equipment was \$1.65 billion (14%) higher than the 2020–21 Actual primarily due to the \$1.43 billion higher revaluation in land, land improvements and buildings in 2021–22 and an additional \$168.70 million in building works in progress as at June 2022.

Statement of Cash Flows

- E Receipts from Australian Governments grants and contributions were \$146.11 million (15%) higher than the 2020–21 Actual, mainly due to additional Quality Schools funding received under the National School Reform Agreement in 2021–22.
- F Purchases of non-current assets was \$64.09 million (17%) higher than the 2020–21 Actual primarily due to an increased level of building works in progress through the Department’s Asset Investment Program during the year to meet future enrolment growth and enhance educational opportunities for public school students.

10.2 Explanatory statement for administered items

This explanatory section explains variations in the financial performance of the Department undertaking transactions as an agent of the government, as detailed in the administered schedules.

All variances between annual estimates and actual results for 2022, and between the actual results for 2022 and 2021 are shown below. Narratives are provided for key major variances which vary by more than 10% from their comparative and that the variation is more than 1% of the dollar aggregate of Total Administered Income based on the lower of the estimate or the prior year actual (i.e. \$4.48 million being 1% of \$447.63 million).

				Variance					
				Variance between estimate and actual			Variance between actual results for 2021 and 2022		
	Estimate 2021–22 \$'000	Actual 2021–22 \$'000	Actual 2020–21 \$'000	\$'000	%	Note	\$'000	%	Note
Income									
Service appropriation	447,626	452,329	460,764	4,703	1%		(8,435)	(2%)	
Resources received free of charge	-	57,683	-	57,683	100%	1	57,683	100%	A
Total administered income	447,626	510,012	460,764	62,386	14%		49,248	11%	
Expenses									
Grants to charitable and public bodies, and communities	439,264	443,526	446,835	4,262	1%		(3,309)	(1%)	
Resources distributed free of charge	-	57,683	-	57,683	100%	2	57,683	100%	B
Superannuation – higher education institutions	3,500	2,707	2,834	(793)	(23%)		(127)	(4%)	
Schools of Special Educational Needs: Medical and Mental Health and Sensory	4,862	5,337	4,909	475	10%		428	9%	
Total administered expenses	447,626	509,253	454,578	61,627	14%		54,675	12%	

Major Variance Narratives

1 and A, 2 and B

Administered services received free of charge was \$57.78 million (100%) higher than the 2021–22 Estimate and the 2020–21 Actual due to the recognition of the value of rapid antigen test kits supplied by the Department of Health (\$13.75 million) and the Department of Finance (\$43.93 million), which were distributed to public and non-government schools and other educational facilities in the Western Australian community as part of public health measures introduced by the State Government in response to the COVID-19 pandemic.